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The Budget of the Commonwealth for the 2014-2016 biennium is the financial plan for Kentucky State Government as enacted by the Regular Session of the 2014 General Assembly. It is published by the Office of State Budget Director, Governor's Office for Policy and Management in accordance with KRS Chapter 48.

The 2014-2016 Budget is presented in three volumes:

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

These documents provide the detail to support the enacted budget as presented in the various budget bills.

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**2014-2016 BUDGET OF THE COMMONWEALTH
GENERAL FUND SUMMARY**

	<u>Revised FY 2014</u>	<u>Enacted FY 2015</u>	<u>Enacted FY 2016</u>
RESOURCES			
Beginning Balance	122,741,300	80,499,900	81,702,100
Official Revenue Estimate	9,548,100,000	9,794,300,000	10,046,600,000
Other Resources	4,794,500	6,929,200	20,623,600
Fund Transfers	92,663,000	224,545,700	77,410,100
Tobacco Settlement-Phase I	45,428,600	99,700,000	72,400,000
TOTAL RESOURCES	9,813,727,400	10,205,974,800	10,298,735,800
Continued Appropriations Reserve			
Budget Reserve Trust Fund	121,722,500	98,294,200	98,294,200
Executive Branch	12,055,400		
Legislative Branch	13,673,000	13,673,000	11,351,800
Judicial Branch	8,973,100	119,800	119,800
Total Continued Appropriations Reserve	156,424,000	112,087,000	109,765,800
TOTAL RESOURCES	9,970,151,400	10,318,061,800	10,408,501,600
APPROPRIATIONS			
Executive Branch			
Appropriations	9,352,007,500	9,655,522,100	9,863,741,700
Current Year Appropriations	32,884,900		
Necessary Government Expenses	54,449,000		
Dedicated Revenue Adjustments	(77,030,600)		
Lapses	(20,485,700)	(19,506,600)	(19,361,000)
Tobacco Settlement-Phase I	90,800,000	101,879,500	74,579,500
Tobacco Settlement-Phase I Reductions	(45,371,400)		
Build America Bonds-Tobacco Debt Service Lapse		(2,179,500)	(2,179,500)
Total Executive Branch	9,387,253,700	9,735,715,500	9,916,780,700
Judicial Branch			
Appropriations	315,602,000	334,049,600	337,449,600
Legislative Branch			
Appropriations	53,800,100	56,437,200	60,139,500
		(1,929,600)	(1,972,800)
Total Legislative Branch	53,800,100	54,507,600	58,166,700
TOTAL APPROPRIATIONS	9,756,655,800	10,124,272,700	10,312,397,000
BALANCE	213,495,600	193,789,100	96,104,600
Continued Appropriations Reserve			
Budget Reserve Trust Fund	98,294,200	98,294,200	84,633,000
Executive Branch	12,055,400		
Legislative Branch	13,673,000	13,673,000	11,351,800
Judicial Branch	8,973,100	119,800	119,800
Total Continued Appropriations Reserve	132,995,700	112,087,000	96,104,600
ENDING BALANCE	80,499,900	81,702,100	0

**2014-2016 BUDGET OF THE COMMONWEALTH
ROAD FUND SUMMARY**

	Revised FY 2014	Enacted FY 2015	Enacted FY 2016
RESOURCES			
Beginning Balance	17,718,000	37,178,100	0
Official Revenue Estimate	1,582,600,000	1,546,700,000	1,558,400,000
Fund Transfers	996,800	992,500	996,800
TOTAL RESOURCES	1,601,314,800	1,584,870,600	1,559,396,800
APPROPRIATIONS			
Appropriations - Operating	1,572,761,700	1,588,346,400	1,562,872,600
Surplus Appropriations	17,718,000		
Debt Service Lapse	(22,339,700)		
Dedicated Revenue Adjustments	(397,700)		
Build America Bonds-Debt Service Lapse	(3,605,600)	(3,475,800)	(3,475,800)
TOTAL APPROPRIATIONS	1,564,136,700	1,584,870,600	1,559,396,800
ENDING BALANCE	37,178,100	0	0

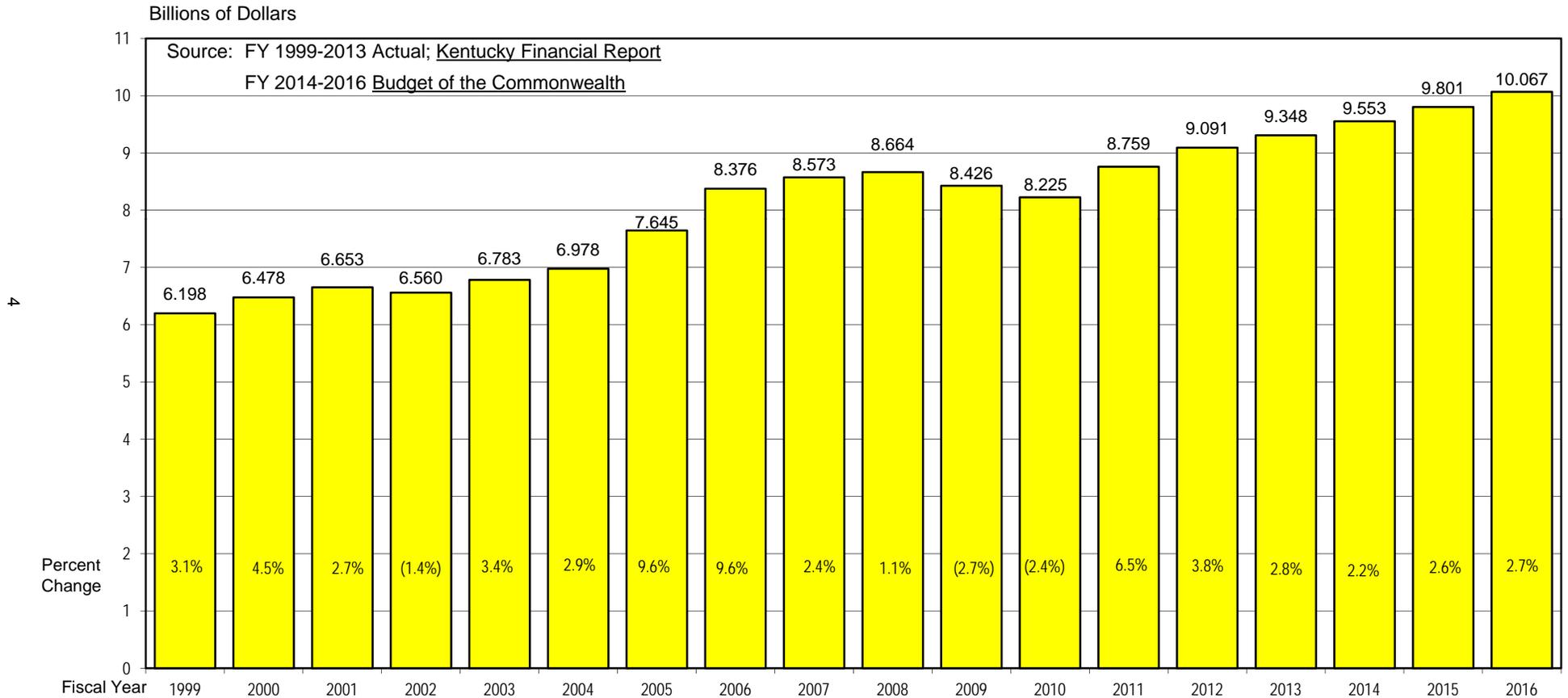
**2014-2016 BUDGET OF THE COMMONWEALTH
CAPITAL PROJECTS SUMMARY**

	<u>Enacted FY 2015</u>	<u>Enacted FY 2016</u>
SOURCE OF FUNDS		
General Fund	5,776,000	
Restricted Funds	3,668,648,000	86,959,000
Federal Funds	140,837,800	37,319,300
Road Fund	9,733,000	17,705,000
Bond Funds	702,705,200	45,068,000
Agency Bond Funds	721,275,000	
Capital Construction Surplus	1,735,000	
Investment Income	3,613,000	3,613,000
Other	1,019,150,000	2,375,000
TOTAL SOURCE OF FUNDS	<u>6,273,473,000</u>	<u>193,039,300</u>
 EXPENDITURES BY CABINET		
Executive Branch		
General Government	347,522,800	35,842,300
Economic Development		21,000,000
Department of Education	675,000	675,000
Education and Workforce Development	3,970,000	700,000
Energy and Environment	10,935,000	10,800,000
Finance and Administration	99,250,000	18,343,000
Health and Family Services	6,352,000	2,500,000
Labor	4,226,000	
Justice and Public Safety	8,050,000	3,650,000
Postsecondary Education	5,556,617,000	55,489,000
Tourism, Arts and Heritage	220,542,200	25,735,000
Transportation	15,333,000	18,305,000
TOTAL EXPENDITURES	<u>6,273,473,000</u>	<u>193,039,300</u>

General Fund Revenue Receipts

Fiscal Years 1999-2016

(Billions of dollars – rounded)

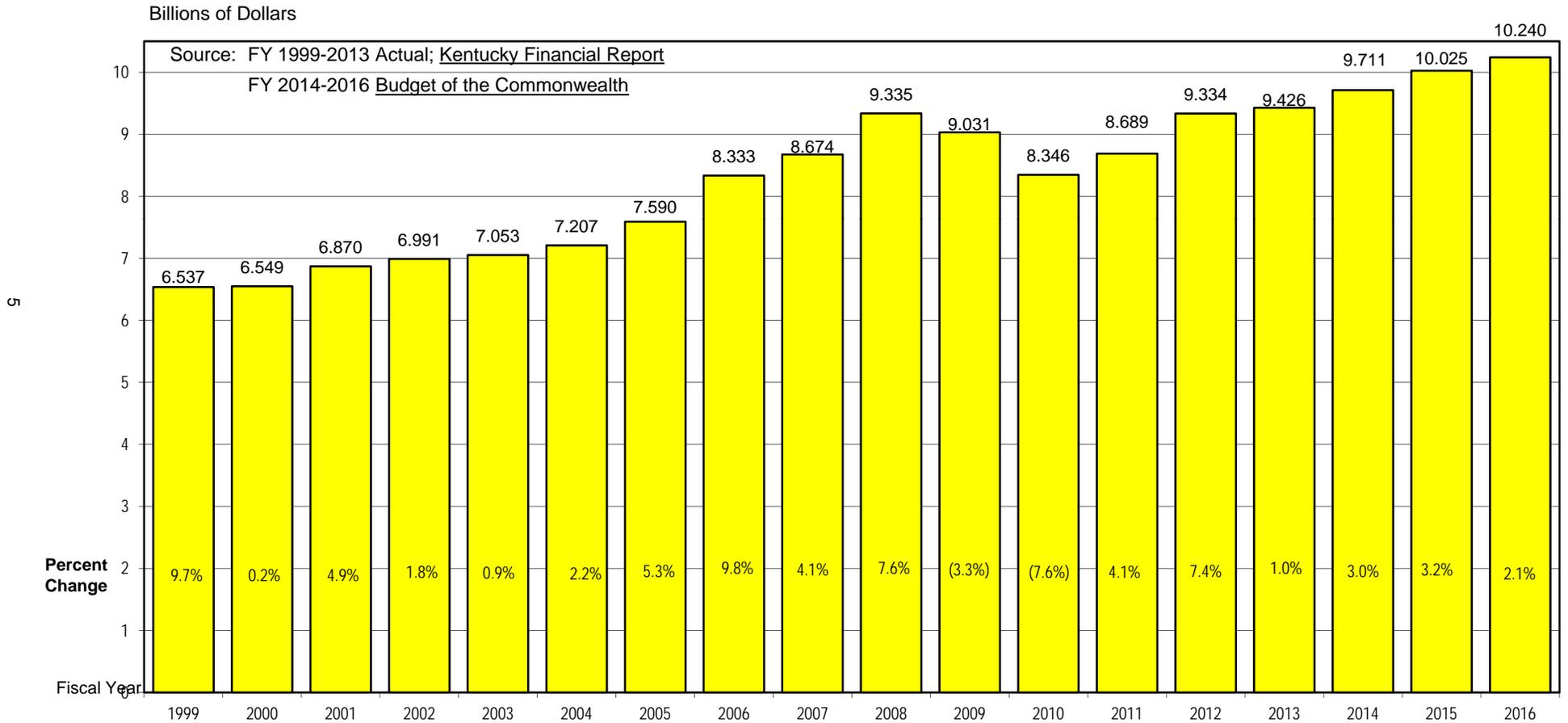


- Excludes Tobacco Settlement – Phase I Funds
- Excludes Fund Transfers

General Fund Expenditures

Fiscal Years 1999-2016

(Billions of dollars – rounded)

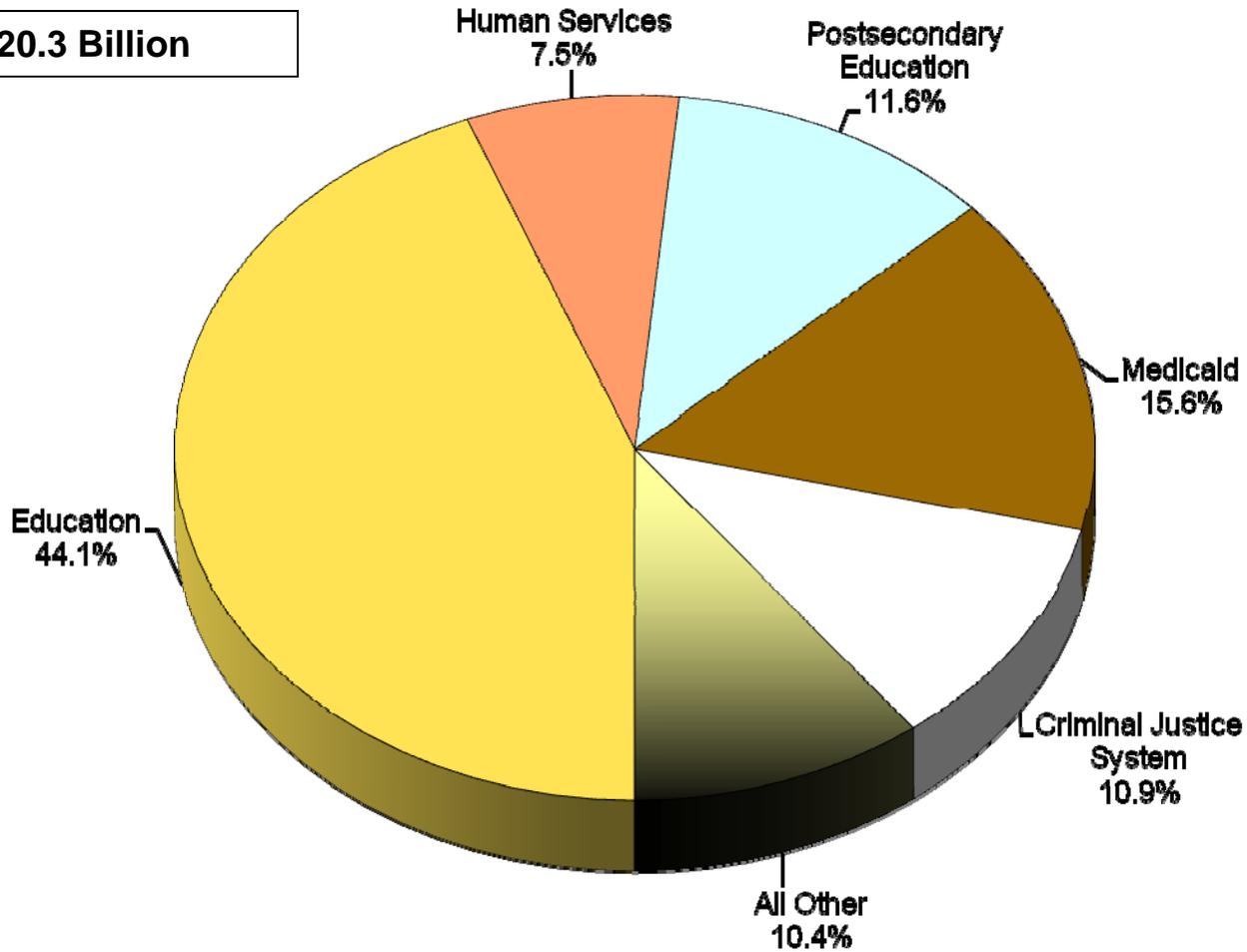


• Excludes Tobacco Settlement – Phase I Funds

2014-2016 Biennium

Distribution of General Fund Appropriations

Total = \$20.3 Billion



Excludes Tobacco Settlement – Phase I Funds

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

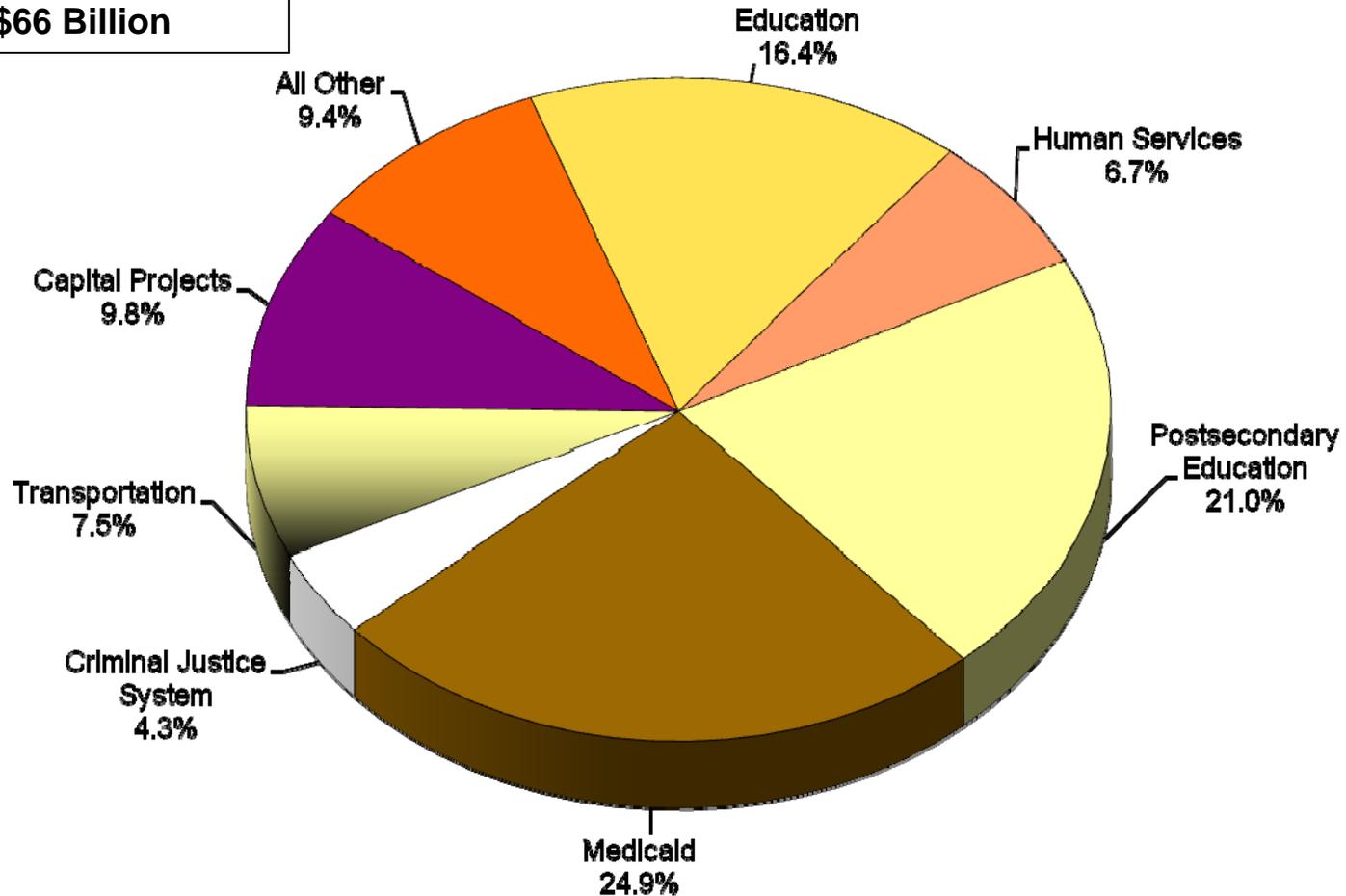
** Human Services include the Health and Family Services Cabinet (net of Medicaid).

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

2014-2016 Biennium

Distribution of All Funds Appropriations

Total = \$66 Billion



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

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

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

GENERAL FUND 2014-16 OFFICIAL REVENUE ESTIMATE

	<u>FY 2014</u>	<u>FY 2015</u>	<u>% Change</u>	<u>FY 2016</u>	<u>% Change</u>
MAJOR REVENUE TYPES:					
Sales and Use	\$3,099,300,000	\$3,149,600,000	1.6%	\$3,216,800,000	2.1%
Individual Income	\$3,812,300,000	\$3,977,300,000	4.3%	\$4,135,800,000	4.0%
Corporation Income & Limited Liability Entity Tax	\$692,200,000	\$697,100,000	0.7%	\$687,500,000	-1.4%
Coal Severance	\$200,600,000	\$204,600,000	2.0%	\$201,600,000	-1.5%
Cigarette	\$231,200,000	\$223,500,000	-3.3%	\$219,200,000	-1.9%
Property	\$568,900,000	\$581,204,000	2.2%	\$597,504,000	2.8%
Lottery	\$224,000,000	\$237,000,000	5.8%	\$249,500,000	5.3%
Other	\$719,600,000	\$723,996,000	0.6%	\$738,696,000	2.0%
SUBTOTAL	\$9,548,100,000	\$9,794,300,000	2.6%	\$10,046,600,000	2.6%
2014 Regular Session Actions	\$4,794,500	\$6,929,200		\$20,623,600	
GENERAL FUND OFFICIAL REVENUE ESTIMATE	\$9,552,894,500	\$9,801,229,200	2.6%	\$10,067,223,600	2.7%

DETAILED RECEIPT ESTIMATES:

Selected Sales and Gross Receipts Taxes

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Sales and Use	\$3,099,300,000	\$3,149,600,000	\$3,216,800,000
Cigarette	\$231,200,000	\$223,500,000	\$219,200,000
Insurance Tax Companies Other Than Life	\$102,520,250	\$104,500,000	\$107,540,000
Telecommunications Taxes	\$70,925,000	\$71,650,125	\$73,550,265
Beer Wholesale	\$54,750,950	\$57,235,632	\$59,481,740
Insurance Tax Foreign Companies	\$41,000,000	\$41,550,000	\$42,750,000
Distilled Spirits Wholesale	\$33,005,000	\$34,502,817	\$35,856,818
Other Tobacco Products and Snuff	\$21,700,000	\$22,025,000	\$22,275,900
Wine Wholesale	\$15,500,250	\$16,203,675	\$16,839,559
Distilled Spirits Consumption	\$12,450,000	\$13,015,000	\$13,525,750
Beer Consumption	\$6,325,900	\$6,446,363	\$6,630,114
Insurance Tax Fire Prevention Fund	\$5,350,000	\$5,415,000	\$5,475,000
Pari-Mutuel	\$5,250,025	\$5,350,000	\$5,502,500
Wine Consumption	\$3,025,000	\$3,162,279	\$3,286,377
Race Track Admission	\$199,762	\$203,566	\$209,369
Distilled Spirits Case Sales	\$125,550	\$127,400	\$130,500
Cigarette Floor Stock Tax	\$22,150	\$21,500	\$22,450
TOTAL SALES AND GROSS RECEIPTS TAXES	\$3,702,649,837	\$3,754,508,357	\$3,829,076,341

License and Privilege Taxes

Limited Liability Entity Tax	\$231,700,000	\$233,700,000	\$253,100,000
Coal Severance Tax	\$200,600,000	\$204,600,000	\$201,600,000
Bank Franchise Tax	\$105,550,000	\$106,900,000	\$108,400,000
Mineral Severance Tax	\$14,997,296	\$14,868,305	\$15,327,608
Natural Gas Severance Tax	\$15,509,881	\$12,810,890	\$10,241,598
Oil Production	\$12,429,990	\$12,246,364	\$11,563,740
Cir. Ct. Clk. - Driver License Receipts	\$640,000	\$650,000	\$655,000
Alcoholic Beverage License Suspension	\$387,500	\$421,000	\$415,000
Corporate License	\$550,000	\$400,000	\$100,000
Race Track License	\$259,195	\$253,751	\$249,184
Corporation Organization	\$102,900	\$103,850	\$105,575
Marijuana and Controlled Substance Tax	\$89,781	\$94,907	\$99,998
Cigarette License	\$94,129	\$79,778	\$81,398
TOTAL LICENSE AND PRIVILEGE TAXES	\$582,910,672	\$587,128,846	\$601,939,102

Income Taxes

Individual Income Tax	\$3,812,300,000	\$3,977,300,000	\$4,135,800,000
Corporation Income Tax	\$460,500,000	\$463,400,000	\$434,400,000
TOTAL INCOME TAXES	\$4,272,800,000	\$4,440,700,000	\$4,570,200,000

Property Taxes

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
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GENERAL FUND 2014-16 OFFICIAL REVENUE ESTIMATE

Real Property	\$263,400,000	\$270,200,000	\$278,300,000
Motor Vehicles	\$118,700,000	\$122,700,000	\$126,700,000
Tangible Personal Property	\$100,300,000	\$102,300,000	\$104,100,000
Public Service Companies	\$54,100,000	\$55,800,000	\$56,200,000
Omitted and Delinquent	\$22,300,000	\$24,100,000	\$25,700,000
Apportioned Vehicles	\$2,500,000	\$2,500,000	\$3,000,000
Building and Loan Association Capital Stock	\$2,300,000	\$2,300,000	\$2,300,000
Distilled Spirits Ad Valorem	\$800,000	\$800,000	\$700,000
Bank Deposits	\$600,000	\$500,000	\$500,000
Other Property	\$3,900,000	\$4,000	\$4,000
TOTAL PROPERTY TAXES	\$568,900,000	\$581,204,000	\$597,504,000
<u>Inheritance Taxes</u>	\$45,250,100	\$44,875,000	\$46,275,000
<u>Departmental Fees, Sales and Rentals</u>			
Public Service Commission Assessments	\$13,601,672	\$14,009,722	\$14,430,014
Insurance - Retaliatory Taxes and Fees	\$4,471,955	\$4,678,317	\$4,808,397
Circuit Court Clk. - Civil Filing Fee Receipts	\$10,085,500	\$9,985,005	\$10,250,650
Circuit Court Clk. - Bond Filing Fee	\$2,721,331	\$2,962,479	\$2,784,029
Circuit Court Clk. - 10% Bond Fee	\$401,225	\$414,919	\$375,028
Circuit Court Clk. - Receipts for Services	\$6,067,616	\$6,373,279	\$6,188,314
Strip Mining and Reclamation Fees	\$850,500	\$900,520	\$750,000
Strip Mining and Reclamation - Fines Collected	\$450,500	\$500,245	\$60,590
Miscellaneous - Pub Advoc; Sec State Fee	\$251,560	\$252,167	\$252,774
TOTAL DEPARTMENT FEES, SALES & RENTALS	\$38,901,860	\$40,076,654	\$39,899,795
<u>Investment Receipts</u>	\$800,000	\$800,000	\$800,000
<u>Miscellaneous Revenue</u>			
Lottery	\$224,000,000	\$237,000,000	\$249,500,000
Abandoned Property	\$32,700,000	\$30,400,000	\$31,500,000
Cir. Ct. Clk. - Criminal/Traffic Fines and Costs	\$22,149,911	\$22,100,000	\$22,264,369
Court Costs	\$20,849,571	\$20,450,325	\$21,654,208
TVA - In Lieu of Taxes - State Portion	\$15,438,394	\$15,988,178	\$15,395,395
Other Fines and Unhonored Checks	\$10,900,250	\$10,573,087	\$10,850,000
Dept. of Rev. Legal Process Taxes - Co. Clk.	\$3,073,598	\$3,161,076	\$3,209,941
Circuit Court Clk. - Bond Forfeitures	\$1,800,000	\$1,800,000	\$1,800,000
Legal Process - Clk. Supreme Court	\$125,450	\$120,200	\$130,000
F.H.A. - In Lieu of Taxes	\$75,250	\$77,750	\$80,000
Circuit Court Clk. - Fish and Wildlife Fines	\$62,500	\$60,500	\$65,740
Sale of NOx Credits	\$35,000	\$40,000	\$42,500
Legal Process - Clk. Court of Appeals	\$5,500	\$5,650	\$5,752
R.E.C.C. and R.T.C.C. In Lieu of Taxes	\$325	\$350	\$375
Dept. of Rev. Penalty and Int. of Co. Officials	(\$26,560)	(\$28,621)	(\$29,524)
TOTAL MISCELLANEOUS REVENUE	\$331,189,190	\$341,748,494	\$356,468,756
<u>Miscellaneous Not in Detailed Receipt Lines</u>	\$4,698,340	\$3,258,650	\$4,437,006
<u>2014 Regular Session Actions</u>	\$4,794,500	\$6,929,200	\$20,623,600
GENERAL FUND OFFICIAL REVENUE ESTIMATE	\$9,552,894,500	\$9,801,229,200	\$10,067,223,600

**ENACTED CHANGES TO
CONSENSUS FORECAST GROUP REVENUE ESTIMATE**

	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Enacted
Abandoned Property-Security Sales			20,000,000
Fraud Detection Program		2,000,000	4,000,000
Revenue Collections-Data Warehouse	1,250,000	2,500,000	3,500,000
Lottery Advertising-HB 445		1,000,000	2,000,000
Public Service Commission-higher mil rate		2,399,200	1,833,600
Escheat of U.S. Savings Bonds-HB 445			650,000
Advanced Deposit Wagering-HB 445		90,000	100,000
Sales Tax Exemption-HB 488		(60,000)	(60,000)
SB 74			(500,000)
Tax Credits-HB 445		(1,000,000)	(10,900,000)
Asset Sale Proceeds	3,544,500		
Total Changes	4,794,500	6,929,200	20,623,600

ROAD FUND 2014-16 OFFICIAL REVENUE ESTIMATE

	FY 2014	FY 2015	%	FY 2016	%
			Change		Change
MAJOR REVENUE TYPES:					
Motor Fuels	\$900,700,000	\$883,100,000	-2.0%	\$870,500,000	-1.4%
Motor Vehicle Usage	448,400,000	425,500,000	-5.1%	445,500,000	4.7%
Motor Vehicle License	100,763,108	101,480,108	0.7%	102,683,108	1.2%
Motor Vehicle Operators	16,100,000	16,700,000	3.7%	17,500,000	4.8%
Weight Distance	76,100,000	79,900,000	5.0%	81,400,000	1.9%
Investment Income	2,800,000	3,100,000	10.7%	3,700,000	19.4%
Other	37,736,892	36,919,892	-2.2%	37,116,892	0.5%
ROAD FUND OFFICIAL REVENUE ESTIMATE	\$1,582,600,000	\$1,546,700,000	-2.3%	\$1,558,400,000	0.8%

	FY 2014	FY 2015	FY 2016
DETAILED RECEIPT ESTIMATES:			
<u>Sales and Gross Receipts Taxes</u>			
Motor Fuels Normal and Normal Use	\$900,200,000	\$882,600,000	\$870,000,000
Motor Vehicle Usage	416,400,000	393,500,000	413,500,000
Motor Vehicle Rental Usage	32,000,000	32,000,000	32,000,000
Truck Trip Permits	500,000	500,000	500,000
Sales and Use	25,000	25,000	25,000
TOTAL SALES & GROSS RECEIPTS TAXES	\$1,349,125,000	\$1,308,625,000	\$1,316,025,000

<u>License and Privilege Taxes</u>			
Weight Distance Tax	\$76,100,000	\$79,900,000	\$81,400,000
Truck Proportional Registration	42,000,000	42,400,000	42,600,000
Passenger Car License	31,300,000	31,360,000	31,700,000
Motor Vehicle Operator's License	14,100,000	14,700,000	15,400,000
Truck License - State Share	14,600,000	14,800,000	15,000,000
Highway Special Permits	7,500,000	7,500,000	7,600,000
Specialty License Plates	7,350,108	7,350,108	7,593,108
Motor Carrier Identification Cards	5,500,000	5,100,000	5,000,000
Trailer License	1,700,000	1,700,000	1,800,000
Operator's License - Photography Program	1,400,000	1,400,000	1,500,000
U-Drive-Licenses	1,400,000	1,400,000	1,400,000
Transfer License	993,000	1,050,000	1,150,000
Overweight Coal Truck Permit	780,000	780,000	800,000
Motorcycle License	640,000	640,000	640,000
Operator's License-Driver Education	600,000	600,000	600,000
Historic Vehicle License	375,000	375,000	375,000
Temporary Tags	375,000	375,000	375,000
Dealers License	230,000	230,000	230,000
Nonreciprocal Permits	225,000	225,000	225,000
Law Enforcement	170,000	170,000	200,000
Bus License - Except City	40,000	40,000	40,000
County Clerk Penalty	25,000	25,000	25,000
Taxi License	25,000	25,000	25,000
Truck Permits	25,000	25,000	25,000
Contract Taxicab Permit	22,000	22,000	22,000
Drive Away Utility Trailer Permits	14,000	14,000	14,000
Temporary Motorcycle Tags	9,000	9,000	9,000
U-Drive-It Permits	8,000	8,000	8,000
Industrial Hauling Permits	3,000	3,000	3,000
Bus Certificates and Permits	2,100	2,100	2,100
TOTAL LICENSE AND PRIVELEGE TAXES	\$207,511,208	\$212,228,208	\$215,761,208

<u>Departmental Fees, Sales and Rentals</u>			
Driving History Record Fee	7,150,000	7,200,000	7,300,000
Motor Vehicle Title Receipts	4,700,000	4,700,000	4,800,000
Proceeds from Asset Disposition	1,930,000	2,060,000	2,100,000
Penalty & Interest - Weight and Use Taxes	1,300,000	1,300,000	1,400,000
Operator's License Reinstatement Fees	1,200,000	1,200,000	1,200,000
Traffic Offenders School Fees	900,000	900,000	900,000

ROAD FUND 2014-16 OFFICIAL REVENUE ESTIMATE

Highway Sign Logo Rental	870,000	820,000	720,000
Proposal Sales	\$700,000	\$700,000	\$700,000
Record Copy Sales	600,000	350,000	350,000
Miscellaneous Rentals	300,000	300,000	300,000
Coal Road Recovery Fines	34,000	34,000	34,000
U-Drive-It Penalty and Interest	6,000	6,000	6,000
Medical Alert Stickers	100	100	100
TOTAL DEPT FEES, SALES & RENTALS	\$19,690,100	\$19,570,100	\$19,810,100
 <u>Investment Income</u>	 \$2,800,000	 \$3,100,000	 \$3,700,000
 <u>Miscellaneous Not in Detailed Receipt Lines</u>	 \$3,473,692	 \$3,176,692	 \$3,103,692
 ROAD FUND OFFICIAL REVENUE ESTIMATE	 \$1,582,600,000	 \$1,546,700,000	 \$1,558,400,000

DEBT APPROPRIATED BY RECENT SESSIONS OF THE GENERAL ASSEMBLY

<u>Biennium</u>	<u>Principal Debt Appropriated</u>	<u>Biennium</u>	<u>Principal Debt Appropriated</u>
1988-90	364,171,900	2002-04 ⁴	828,936,380
1990-92	1,148,218,400	2004-06 ⁵	1,906,315,300
1992-94	439,375,100	2006-08 ⁶	2,110,528,000
1994-96	429,575,900	2008-10 ⁷	2,015,494,000
1996-98 ¹	242,182,000	2010-12 ⁸	1,549,199,800
1998-00 ²	1,095,128,000	2012-14 ⁹	238,860,000
2000-02 ³	1,046,927,600	2014-16 ¹⁰	1,364,048,200

¹ **Enacted in the 1996-1998 Budget of the Commonwealth, and the 1997 Second Extraordinary Session of the Kentucky General Assembly.**
Excludes \$60,000,000 of Agency Bonds for Kentucky Infrastructure Authority that was unable to be acted on.

² **Debt Enacted in the 1998-2000 Budget of the Commonwealth.**
\$604,030,000 General Fund; \$268,100,000 Road Fund; and \$96,100,000 Agency Funds. \$126,898,000 was appropriated in the General Fund Surplus Expenditure Plan in fiscal year 1998-99.

³ **Debt Enacted in the 2000-2002 Budget of the Commonwealth.**
 General Fund Appropriation: \$901,202,600
 Road Fund Appropriation: \$ 28,200,000
 Agency Fund Appropriation: \$117,525,000
 The 2000 Session of the Kentucky General Assembly appropriated \$1,053,015,600 of debt. The Secretary of the Finance and Administration Cabinet, through authority granted in the Appropriations Act, determined that \$6,088,000 of debt appropriated projects would be funded with General Fund cash, thereby reducing the appropriated amount to \$1,046,927,600.

⁴ **Debt Enacted in the 2002-2004 Budget of the Commonwealth.**
 General Fund Appropriation: \$621,936,380
 Agency Fund Appropriation: \$207,000,000

⁵ **Debt Enacted in the 2004-2006 Budget of the Commonwealth.**
 General Fund Appropriation: \$1,204,589,300
 Road Fund Appropriation: \$ 450,000,000
 Agency Fund Appropriation: \$ 251,726,000
 The 2005 Session of the Kentucky General Assembly also appropriated \$150,000,000 of Grant Anticipation Revenue Vehicle (GARVEE) bonds supported by Federal Highway Funds received by the Transportation Cabinet.

⁶ **Debt Enacted in the 2006-2008 Budget of the Commonwealth.**
 General Fund Appropriation: \$1,492,991,000
 Road Fund Appropriation: \$ 350,000,000
 Agency Fund Appropriation: \$ 267,537,000
 The 2006 Session of the Kentucky General Assembly also appropriated \$290,000,000 of Grant Anticipation Revenue Vehicle (GARVEE) bonds supported by Federal Highway Funds received by the Transportation Cabinet.

⁷ **Debt Enacted in the 2008-2010 Budget of the Commonwealth.**

General/Tobacco Fund Authorization:	\$ 657,281,000
Road Fund Authorization:	\$ 535,000,000
Agency Fund Authorization:	\$ 743,213,000
Other Authorization:	\$ 80,000,000

The 2008 Session of the Kentucky General Assembly also authorized \$231,000,000 of Grant Anticipation Revenue Vehicle (GARVEE) bonds supported by Transportation Cabinet Federal Highway Trust Funds. The Agency Fund bond authorization includes \$230,000,000 initial authorization for the Kentucky Infrastructure Authority Wastewater and Drinking Water Revolving Fund.

⁸ **Debt Enacted in the 2010-2012 Budget of the Commonwealth.**

General/Tobacco Fund Authorization:	\$ 507,395,800
Road Fund Authorization:	\$ 522,500,000
Agency Fund Authorization:	\$ 519,304,000

The 2010 Extraordinary Session of the Kentucky General Assembly also authorized \$435,000,000 of Grant Anticipation Revenue Vehicle (GARVEE) bonds supported by Transportation Cabinet Federal Highway Trust Funds for the Lake Barkley and Kentucky Lake Bridges Project and the Louisville-Southern Indiana Ohio River Bridges Project. The Agency Fund bond authorization includes \$125,000,000 of initial authorization for the Kentucky Infrastructure Authority Wastewater and Drinking Water Revolving Fund.

⁹ **Debt Enacted in the 2012-2014 Budget of the Commonwealth.**

General Fund Authorization:	\$ 182,860,000
Road Fund Authorization:	\$ 12,500,000
Agency Fund Authorization:	\$ 43,500,000

¹⁰ **Debt Enacted in the 2014-2016 Budget of the Commonwealth.**

General Fund Authorization:	\$ 637,773,200*
Road Fund Authorization:	\$ 5,000,000
Agency Fund Authorization:	\$ 721,275,000

The General Fund amount of \$637,773,200 is net of the General Assembly's actions that resulted in the expiration of -\$105,000,000 in previously authorized debt.

DEBT FINANCING

2014-2016 Budget of the Commonwealth

The 2014 Regular Session of the Kentucky General Assembly enacted \$1,364,048,200 in net debt-financed capital projects. The General Fund amount of \$637,773,200 is net of the General Assembly's actions that resulted in the expiration of \$105,000,000 in previously authorized debt. The Road Fund amount is \$5,000,000. The Agency Fund amount is \$721,275,000. If all authorized amounts are issued by June 30, 2016, the Commonwealth's debt capacity ratio would be 6.68% (inclusive of previously issued debt for the Kentucky Teachers' Retirement System medical fund).

Structure

The Commonwealth's indebtedness is classified as either appropriation supported debt or non-appropriation supported debt.

Appropriation supported debt carries the name of the Commonwealth and is either (i) a general obligation of the state, or (ii) a lease revenue obligation of one of its debt issuing agencies created by the Kentucky General Assembly to finance various projects which is subject to state appropriation for all or a portion of the debt service on the bonds.

General obligation bonds pledge the full faith, credit and taxing power of the Commonwealth for the repayment of the debt. The Kentucky Constitution requires voter approval by general referendum prior to the issuance of general obligation bonds in amounts exceeding \$500,000. Kentucky has not issued general obligation bonds since 1966. The Commonwealth has no general obligation bonds outstanding.

Project revenue notes and bonds are issued by various debt issuing authorities of the Commonwealth. The revenues produced by the projects funded by the debt are pledged as security for repayment of the debt. Project revenue debt is not a direct obligation of the Commonwealth. Project revenues are, in some cases, derived partially or solely from biennial appropriations of the General Assembly. In other cases, the direct revenues generated from the project or agency constitutes the entire source of payment.

The payment of debt service by the state universities is enhanced by a state intercept provision that provides that in the event of a default, the Secretary of the Finance and Administration Cabinet is required to intercept any funds appropriated to the University but not yet disbursed and to remit those funds to the Trustee to remedy the default.

Non-appropriation or moral obligation debt carries the name of the Commonwealth for the benefit and convenience of other entities within the state. This type of indebtedness is a special obligation of the issuer, secured and payable solely from the sources pledged for the payment thereof and does not constitute a debt, liability, obligation or a pledge of the faith and credit of the Commonwealth. The General Assembly does not intend to appropriate any general funds to fulfill the financial obligations represented by these types of indebtedness. Some issues covenant that in the event of a shortfall, the issuer will request from the Secretary of the Finance Cabinet or the Governor and the General Assembly in the next regular session sufficient amounts to pay debt service or to replenish the debt service reserve funds, as applicable. Certain Kentucky Higher Education Student Loan Corporation bonds, Kentucky Housing Corporation bonds, and the Kentucky Infrastructure Authority's Governmental Agencies Program and Leveraged Wastewater and Drinking Water Revolving Fund bonds are not moral obligation debt.

**APPROPRIATION SUPPORTED DEBT SERVICE
AS A PERCENT OF TOTAL REVENUE (%)
DEBT CAPACITY RATIO**

Fiscal Year	Percent of Total Revenue	Fiscal Year	Percent of Total Revenue
1993	5.99	2005	4.70
1994	5.90	2006	4.89
1995	5.70	2007	4.29
1996	5.62	2008	5.16
1997	5.61	2009	4.81
1998	5.27	2010	2.97
1999	5.05	2011	4.55
2000	5.90	2012	4.53
2001	5.58	2013	5.94
2002	5.18	2014	6.15*
2003	5.70	2015	6.84*
2004	5.39	2016	6.68*

*Estimated. The Fiscal Year 2016 figure assumes all new appropriated debt is issued by June 30, 2016.

The above analysis for Fiscal Years 2014 through 2016 is premised on the following assumptions:

- Fiscal Years 2014-2016 General Fund and Road Fund revenues are based on the enacted Revenue Estimates as well as interest subsidies received for General Fund and Road Fund Build America Bonds issued.
- Agency Fund revenues are based on actual Fiscal Year 2013 revenues and a 3% growth rate for Fiscal Year 2014 through Fiscal Year 2016 as well as interest subsidies received for Agency Fund Build America Bonds issued.
- All previously appropriated but unissued debt was assumed issued by June 30, 2014.
- All debt service for authorized but unissued debt was assumed at the budgeted rates of 3.75% for 7-year tax-exempt issues, 4.50% for 10-year tax-exempt issues, 5.00% for 20-year tax-exempt issues, and 6.00% for 20-year taxable issues.
- Excludes the Kentucky Infrastructure Authority Wastewater and Drinking Water Revolving Fund Revenue Bonds.

Commonwealth of Kentucky

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,507,367,300	9,478,895,200	9,779,620,200	10,040,232,900	10,261,330,800
Surplus Expenditure Plan	121,722,500		25,600,900		
Special Appropriation	-97,295,800				
Current Year Appropriation	10,433,000		32,884,900		
Continuing Approp.-General Fund	57,456,023	157,286,322	156,424,000	112,087,000	96,104,600
Mandated Allotments	49,582,077	60,156,325	40,949,300		
Other	30,419,900	-50,935,967	-126,059,800		
Total General Fund	9,679,685,000	9,645,401,880	9,909,419,500	10,152,319,900	10,357,435,400
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	105,714,800	94,393,600	93,093,500	101,879,500	74,579,500
Continuing Approp.-Tobacco Settlement	37,651,100	45,099,647	45,573,400	450,500	2,505,300
Budget Reduction-General Fund Tobacco	-927,058		-47,393,700		
Other		9,125,278			
Total Tobacco Settlement - Phase I	142,438,842	148,618,525	91,273,200	102,330,000	77,084,800
Restricted Funds					
Balance Forward	770,341,186	898,753,512	673,196,446	401,086,546	287,405,246
Current Receipts	4,937,805,813	5,118,124,995	6,111,807,900	6,343,014,900	6,548,377,300
Non-Revenue Receipts	1,020,812,543	881,604,924	2,046,863,400	1,152,270,600	981,896,900
Fund Transfers	-116,489,729	-89,149,200	-75,022,800	-107,489,900	-77,476,700
Total Restricted Funds	6,612,469,813	6,809,334,231	8,756,844,946	7,788,882,146	7,740,202,746
Federal Funds					
Balance Forward	123,586,767	77,357,396	186,962,100	24,362,300	20,931,400
Current Receipts	9,230,006,968	9,157,280,570	9,918,363,000	10,893,653,900	11,203,128,400
Non-Revenue Receipts	-15,341,526	-384,929,171	-11,071,300	-2,068,700	3,054,100
ARRA Receipts	243,973,779	102,849,291	3,322,700		
Total Federal Funds	9,582,225,988	8,952,558,086	10,097,576,500	10,915,947,500	11,227,113,900
Road Fund					
Regular Appropriation	1,351,731,000	1,542,875,000	1,557,664,700	1,578,613,400	1,545,167,600
Surplus Expenditure Plan	67,517,612	50,311,839	17,718,000		
Current Year Appropriation	395,400				
Continuing Approp.-Road Fund	435,549,345	594,914,617			
Other	40,651,249	-3,267,719	-397,700		
Total Road Fund	1,895,844,606	2,184,833,737	1,574,985,000	1,578,613,400	1,545,167,600
TOTAL SOURCE OF FUNDS	27,912,664,249	27,740,746,459	30,430,099,146	30,538,092,946	30,947,004,446
EXPENDITURES BY CLASS					
Personnel Cost	5,992,298,099	6,200,134,187	6,396,274,300	6,629,633,351	6,778,329,599
Operating Expenses	2,382,683,237	2,383,779,356	3,172,269,000	3,261,317,564	3,350,413,251
Grants Loans Benefits	15,312,653,025	14,680,783,019	16,632,130,200	17,572,368,285	17,974,515,650
Debt Service	752,199,566	949,929,637	1,052,247,900	1,099,265,900	1,185,603,700
Capital Outlay	270,924,993	211,270,270	167,193,200	183,968,300	178,205,900
Construction	1,176,206,173	1,334,703,217	2,365,063,100	1,343,840,300	1,121,294,800
TOTAL EXPENDITURES	25,886,965,094	25,760,599,687	29,785,177,700	30,090,393,700	30,588,362,900
EXPENDITURES BY FUND SOURCE					
General Fund	9,332,236,465	9,423,146,076	9,718,636,200	10,021,117,900	10,239,997,000
Tobacco Settlement - Phase I	94,344,396	100,312,786	88,529,200	97,645,200	74,900,700
Restricted Funds	5,691,346,601	6,010,349,408	8,355,758,400	7,501,476,900	7,521,561,600
Federal Funds	9,504,870,092	8,763,835,019	10,073,214,200	10,895,016,100	11,210,211,800
Road Fund	1,264,167,540	1,462,956,398	1,549,039,700	1,575,137,600	1,541,691,800
TOTAL EXPENDITURES	25,886,965,094	25,760,599,687	29,785,177,700	30,090,393,700	30,588,362,900

EXPENDITURES BY UNIT

Executive Branch	25,488,288,686	25,353,983,622	29,352,593,000	29,646,598,600	30,139,403,600
Legislative Branch	48,982,015	48,855,355	54,515,000	56,878,800	58,286,700
Judicial Branch	349,694,393	357,760,710	378,069,700	386,916,300	390,672,600
TOTAL EXPENDITURES	<u>25,886,965,094</u>	<u>25,760,599,687</u>	<u>29,785,177,700</u>	<u>30,090,393,700</u>	<u>30,588,362,900</u>

Executive Branch

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,137,228,400	9,111,800,300	9,410,218,100	9,649,746,100	9,863,741,700
Surplus Expenditure Plan	121,722,500		25,600,900		
Special Appropriation	-97,295,800				
Current Year Appropriation	10,433,000		32,884,900		
Continuing Approp.-General Fund	42,806,313	143,049,215	133,777,900	98,294,200	84,633,000
Mandated Allotments	49,582,077	60,156,325	40,949,300		
Other	30,419,900	-50,935,967	-126,059,800		
Total General Fund	9,294,896,390	9,264,069,873	9,517,371,300	9,748,040,300	9,948,374,700
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	105,714,800	94,393,600	93,093,500	101,879,500	74,579,500
Continuing Approp.-Tobacco Settlement	37,651,100	45,099,647	45,573,400	450,500	2,505,300
Budget Reduction-General Fund Tobacco	-927,058		-47,393,700		
Other		9,125,278			
Total Tobacco Settlement - Phase I	142,438,842	148,618,525	91,273,200	102,330,000	77,084,800
Restricted Funds					
Balance Forward	746,178,470	876,197,737	652,037,800	387,206,500	280,065,100
Current Receipts	4,919,773,867	5,091,661,327	6,085,576,400	6,317,447,400	6,522,815,700
Non-Revenue Receipts	1,002,685,024	863,099,705	2,029,173,400	1,134,580,600	964,199,200
Fund Transfers	-116,474,729	-89,149,200	-75,022,800	-107,009,900	-77,476,700
Total Restricted Funds	6,552,162,632	6,741,809,569	8,691,764,800	7,732,224,600	7,689,603,300
Federal Funds					
Balance Forward	123,586,767	77,357,396	186,962,100	24,362,300	20,931,400
Current Receipts	9,226,499,968	9,153,035,570	9,915,233,800	10,890,054,600	11,199,517,200
Non-Revenue Receipts	-15,341,526	-384,929,171	-11,071,300	-2,068,700	3,054,100
ARRA Receipts	243,973,779	102,849,291	3,322,700		
Total Federal Funds	9,578,718,988	8,948,313,086	10,094,447,300	10,912,348,200	11,223,502,700
Road Fund					
Regular Appropriation	1,351,731,000	1,542,875,000	1,557,664,700	1,578,613,400	1,545,167,600
Surplus Expenditure Plan	67,517,612	50,311,839	17,718,000		
Current Year Appropriation	395,400				
Continuing Approp.-Road Fund	435,549,345	594,914,617			
Other	40,651,249	-3,267,719	-397,700		
Total Road Fund	1,895,844,606	2,184,833,737	1,574,985,000	1,578,613,400	1,545,167,600
TOTAL SOURCE OF FUNDS	27,464,061,458	27,287,644,790	29,969,841,600	30,073,556,500	30,483,733,100
EXPENDITURES BY CLASS					
Personnel Cost	5,761,612,419	5,961,322,281	6,141,016,300	6,355,602,851	6,499,084,899
Operating Expenses	2,214,914,133	2,216,109,041	2,998,392,300	3,094,852,964	3,183,998,651
Grants Loans Benefits	15,312,653,025	14,680,783,019	16,632,130,200	17,572,368,285	17,974,515,650
Debt Service	752,199,566	949,929,637	1,049,047,900	1,096,065,900	1,182,403,700
Capital Outlay	270,703,369	211,136,426	166,943,200	183,868,300	178,105,900
Construction	1,176,206,173	1,334,703,217	2,365,063,100	1,343,840,300	1,121,294,800
TOTAL EXPENDITURES	25,488,288,686	25,353,983,622	29,352,593,000	29,646,598,600	30,139,403,600
EXPENDITURES BY FUND SOURCE					
General Fund	8,974,818,463	9,067,141,002	9,340,380,800	9,630,239,500	9,844,380,700
Tobacco Settlement - Phase I	94,344,396	100,312,786	88,529,200	97,645,200	74,900,700
Restricted Funds	5,653,595,195	5,963,983,417	8,304,558,300	7,452,159,500	7,471,829,800
Federal Funds	9,501,363,092	8,759,590,019	10,070,085,000	10,891,416,800	11,206,600,600
Road Fund	1,264,167,540	1,462,956,398	1,549,039,700	1,575,137,600	1,541,691,800
TOTAL EXPENDITURES	25,488,288,686	25,353,983,622	29,352,593,000	29,646,598,600	30,139,403,600

EXPENDITURES BY UNIT

General Government	1,010,774,968	1,014,860,020	1,149,716,600	1,100,936,000	1,083,959,700
Economic Development	43,423,392	24,342,286	26,873,900	21,863,000	42,996,200
Department of Education	4,785,643,666	4,715,499,643	4,773,512,800	4,926,720,600	5,015,541,600
Education and Workforce Development	1,436,639,138	1,110,105,890	1,266,569,000	1,279,145,700	1,282,291,400
Energy and Environment	253,034,912	226,738,978	251,464,300	248,324,300	243,048,800
Finance and Administration	527,929,164	763,471,742	792,320,500	853,226,100	856,729,900
Health and Family Services	8,149,967,894	7,992,466,056	9,342,063,200	10,284,029,800	10,612,997,600
Justice and Public Safety	879,402,952	920,846,510	927,757,200	931,695,100	942,490,600
Labor	198,683,327	194,166,534	212,534,200	234,944,700	227,360,200
Personnel	61,732,001	55,678,866	61,343,500	63,473,300	64,800,700
Postsecondary Education	5,572,697,340	5,541,614,021	6,644,267,800	6,795,890,500	7,037,014,200
Public Protection	76,552,479	80,078,719	92,659,000	97,733,400	98,922,900
Tourism, Arts and Heritage	219,062,912	219,019,257	224,019,000	229,609,400	229,164,900
Transportation	2,271,544,540	2,495,095,100	3,587,492,000	2,579,006,700	2,402,084,900
TOTAL EXPENDITURES	25,487,088,686	25,353,983,622	29,352,593,000	29,646,598,600	30,139,403,600

General Government

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	611,613,100	656,766,600	724,502,800	683,024,800	665,706,500
State Salary and Compensation Allocation	8,239,000	290,600	581,400		
Current Year Appropriation	481,000				
Continuing Approp.-General Fund	68,217	203,765	313,600		
Mandated Allotments	25,168,232	23,996,400	22,716,800		
Other	30,419,900	-50,935,967	-77,030,600		
Total General Fund	675,989,449	630,321,398	671,084,000	683,024,800	665,706,500
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	17,691,600	18,850,600	16,291,800	33,614,100	14,733,700
Continuing Approp.-Tobacco Settlement	28,670,281	32,963,311	33,540,400	450,500	2,505,300
Budget Reduction-General Fund Tobacco			-16,481,100		
Reorganization Adjustment	2,050,000				
Other		6,265,246	-5,751,000		
Total Tobacco Settlement - Phase I	48,411,881	58,079,157	27,600,100	34,064,600	17,239,000
Restricted Funds					
Balance Forward	70,094,861	81,074,535	92,845,400	71,935,300	54,184,900
Current Receipts	121,981,016	126,434,147	192,342,600	172,534,700	190,015,600
Non-Revenue Receipts	56,852,628	57,098,154	50,117,900	64,122,400	64,318,100
Fund Transfers	-6,095,200	-3,400,000	-3,300,000	-3,800,000	-2,050,000
Total Restricted Funds	242,833,304	261,206,835	332,005,900	304,792,400	306,468,600
Federal Funds					
Balance Forward	20,040,510	18,569,559	16,447,600	10,776,000	5,643,600
Current Receipts	166,275,529	192,367,631	198,212,300	130,101,900	130,404,200
Non-Revenue Receipts	-3,406,677	-519,210			
ARRA Receipts	10,663,110	9,029,132	322,700		
Total Federal Funds	193,572,472	219,447,112	214,982,600	140,877,900	136,047,800
Road Fund					
Regular Appropriation	500,000	500,000	500,000	510,100	512,500
Total Road Fund	500,000	500,000	500,000	510,100	512,500
TOTAL SOURCE OF FUNDS	1,161,307,106	1,169,554,503	1,246,172,600	1,163,269,800	1,125,974,400
EXPENDITURES BY CLASS					
Personnel Cost	277,061,820	295,763,009	319,316,400	319,984,100	333,017,200
Operating Expenses	71,053,371	70,481,833	78,968,100	82,113,400	84,109,200
Grants Loans Benefits	461,419,716	441,354,441	494,361,800	429,083,500	389,129,200
Debt Service	194,190,907	203,231,744	251,981,100	260,119,000	270,233,700
Capital Outlay	5,609,037	2,675,181	5,089,200	9,636,000	7,470,400
Construction	1,440,118	1,353,811			
TOTAL EXPENDITURES	1,010,774,968	1,014,860,020	1,149,716,600	1,100,936,000	1,083,959,700
EXPENDITURES BY FUND SOURCE					
General Fund	649,017,212	618,485,944	657,789,800	683,024,800	665,706,500
Tobacco Settlement - Phase I	24,496,106	24,538,744	27,149,600	31,559,300	17,234,400
Restricted Funds	161,758,769	168,361,498	260,070,600	250,607,500	264,917,300
Federal Funds	175,002,913	202,973,834	204,206,600	135,234,300	135,589,000
Road Fund	499,969	500,000	500,000	510,100	512,500
TOTAL EXPENDITURES	1,010,774,968	1,014,860,020	1,149,716,600	1,100,936,000	1,083,959,700
EXPENDITURES BY UNIT					
Office of the Governor	7,421,863	7,735,788	9,127,900	8,902,000	9,004,200
Office of State Budget Director	3,050,183	3,154,327	3,316,900	3,273,000	3,437,700
State Planning Fund	173,200	158,700	158,700	150,800	150,800
Homeland Security	11,632,795	13,431,877	6,641,200	7,391,400	7,765,100

Department of Veterans' Affairs	46,629,460	52,018,523	53,106,300	58,712,500	68,529,000
Governor's Office of Agricultural Policy	24,441,388	23,379,093	25,076,300	29,890,600	15,275,400
Kentucky Infrastructure Authority	42,399,641	57,307,233	62,752,300	68,087,300	73,351,200
Military Affairs	128,579,166	128,708,653	175,624,000	97,245,600	97,797,800
Commission on Human Rights	1,886,617	2,064,271	1,972,300	1,948,200	1,983,800
Commission on Women	196,129	205,687	214,300	226,400	232,000
Department for Local Government	49,823,899	50,375,398	50,042,800	50,898,800	50,839,100
Local Government Economic Assistance Fund	68,862,814	55,134,265	50,838,500	50,207,700	48,690,000
Local Government Economic Development Fund	66,581,877	42,999,068	29,415,900	28,945,400	28,426,200
Area Development Fund	544,200	498,500	498,500	473,600	473,600
Executive Branch Ethics Commission	522,575	525,809	547,500	531,300	540,200
Secretary of State	2,648,732	2,897,540	3,164,500	3,432,000	3,689,900
Board of Elections	4,363,194	4,262,808	8,046,100	9,484,400	9,504,400
Registry of Election Finance	1,137,800	1,152,417	1,172,800	1,200,900	1,220,800
Attorney General	23,941,939	24,726,338	59,829,500	31,093,300	31,438,300
Unified Prosecutorial System	68,588,870	74,543,498	76,746,400	85,840,000	87,852,500
Treasury	2,791,622	2,777,821	3,202,700	3,266,700	3,344,500
Agriculture	26,865,394	28,482,120	31,297,800	32,503,200	32,891,300
Auditor of Public Accounts	10,480,108	11,539,245	12,048,600	12,763,900	12,996,700
Personnel Board	755,331	772,645	803,900	845,900	856,000
Kentucky Retirement Systems	38,126,294	38,209,101	38,855,900	40,930,800	41,306,800
Occupational & Professional Boards & Commissions	18,810,709	19,300,207	21,685,400	23,362,200	23,713,700
Kentucky River Authority	2,519,231	3,580,309	3,002,200	5,711,700	3,527,300
School Facilities Construction Commission	91,470,481	95,906,990	97,397,700	99,634,000	108,580,000
Teachers' Retirement System	247,199,761	253,817,942	307,628,200	338,956,000	311,515,000
Appropriations Not Otherwise Classified	17,643,517	14,630,237	15,501,500	5,026,400	5,026,400
TOTAL EXPENDITURES	1,010,088,791	1,014,296,412	1,149,716,600	1,100,936,000	1,083,959,700

Economic Development

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	29,617,500	19,002,800	19,131,100	19,151,800	35,146,600
State Salary and Compensation Allocation	350,000	10,200	20,400		
Continuing Approp.-General Fund	15,936,548	10,746,421	87,400		
Mandated Allotments		1,800,000			
Total General Fund	45,904,048	31,559,421	19,238,900	19,151,800	35,146,600
Restricted Funds					
Balance Forward	1,521,815	2,040,742	2,664,700	1,717,200	1,054,700
Current Receipts	2,393,988	2,548,106	1,342,500	1,681,900	1,692,200
Non-Revenue Receipts				366,800	394,900
Fund Transfers	-142,700				
Total Restricted Funds	3,773,103	4,588,848	4,007,200	3,765,900	3,141,800
Federal Funds					
Balance Forward	2,353,230	40,536			
Current Receipts	5,226,997	276,242	443,500		
Non-Revenue Receipts	7,167	140,416	4,901,500		5,100,000
ARRA Receipts	177,663				
Total Federal Funds	7,765,057	457,194	5,345,000		5,100,000
TOTAL SOURCE OF FUNDS	57,442,208	36,605,463	28,591,100	22,917,700	43,388,400
EXPENDITURES BY CLASS					
Personnel Cost	8,662,047	8,241,120	8,843,300	9,701,600	9,844,400
Operating Expenses	7,880,420	2,044,735	1,651,300	1,390,300	1,388,700
Grants Loans Benefits	18,457,924	14,056,431	16,379,300	10,771,100	30,871,100
Debt Service	8,423,000				892,000
TOTAL EXPENDITURES	43,423,392	24,342,286	26,873,900	21,863,000	42,996,200
EXPENDITURES BY FUND SOURCE					
General Fund	33,966,510	21,960,935	19,238,900	19,151,800	35,146,600
Restricted Funds	1,732,361	1,924,157	2,290,000	2,711,200	2,749,600
Federal Funds	7,724,520	457,194	5,345,000		5,100,000
TOTAL EXPENDITURES	43,423,392	24,342,286	26,873,900	21,863,000	42,996,200
EXPENDITURES BY UNIT					
Executive Policy and Management	7,340,116	3,313,485	3,265,100	2,985,800	3,911,000
Business Development	13,263,598	13,479,025	14,042,000	14,034,100	14,101,300
Bluegrass State Skills	8,348,575	5,760,773	2,787,600	2,710,200	17,712,600
Financial Services	14,471,103	1,789,002	6,779,200	2,132,900	7,271,300
TOTAL EXPENDITURES	43,423,392	24,342,286	26,873,900	21,863,000	42,996,200

The Cabinet for Economic Development is governed by the Kentucky Economic Development Partnership. The Partnership board has 11 voting members and two non-voting members. The 11 voting members are the Governor, who is chairman, the Secretary of the Finance and Administration Cabinet, the Secretary of the Energy and Environment Cabinet, and eight citizen members appointed by the Governor who represent all sectors of the economic development community. The Secretary of the Cabinet for Economic Development (nominated by the Economic Development Partnership and appointed by the Governor) and the Secretary of the Tourism, Arts and Heritage Cabinet serve as non-voting members.

The budgetary resources for the Cabinet are organized in six programs within a single appropriation unit. Business Development is the Commonwealth's marketing and sales force to both prospective investors and existing businesses. Its resources include Kentucky-based business development agents and representatives in Tokyo, Japan and Hamburg, Germany; a database of available sites; comprehensive market research; targeted programs for small businesses; and support of the statewide network of Innovation and Commercialization Centers. The Bluegrass State Skills Corporation makes matching grants for industry-specific training of employees. Financial Services administers loans, grants and tax incentives available to businesses that invest and create or maintain jobs in Kentucky, and staffs the Kentucky Economic Development Finance Authority. The Office of the Secretary provides strategic direction for Cabinet activities and administrative services such as legal, fiscal, budget, personnel and asset management.

Policy

Notwithstanding KRS 154.12-278, interest earned on the balances in the High-Tech Construction/Investment Pool and repayments of loans from the pool is appropriated for the support of the Office of Entrepreneurship.

The Budget of the Commonwealth includes General Fund of \$892,000 in fiscal year 2016 for debt service on \$21,000,000 in new bonds for the High-Tech Construction/Investment Pool, the Kentucky Economic Development Authority (KEDFA) Loan Pool and the Economic Development Bond Pool. The Secretary has the discretion to apply funds available in each pool for authorized uses within the Cabinet.

The Budget of the Commonwealth includes General Fund of \$2,551,300 in each fiscal year for training grants for Bluegrass State Skills Corporation. Notwithstanding KRS 45.229, the General Fund appropriation balance for Bluegrass State Skills Corporation training grants for fiscal year 2014 and fiscal year 2015 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 fiscal year 2014 combined with the additional training grant allotment amounts for each fiscal year of the 2014-2016 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, and funds in an amount not to exceed \$2,000,000 shall be appropriated from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

The Budget of the Commonwealth includes \$150,000 of General Fund in each fiscal year for cities of Bellevue, Covington, Dayton, Fort Thomas, Ludlow and Newport to support projects or activities related to the development of Riverfront Commons.

The Budget of the Commonwealth includes \$15,000,000 of General Fund in fiscal year 2016 for Bluegrass State Skills Corporation training grants to support a significant manufacturing-related investment in the Commonwealth.

Department of Education

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,854,539,300	3,850,759,700	3,864,091,000	4,006,095,500	4,093,244,600
State Salary and Compensation Allocation	1,363,000	150,800	301,600		
Continuing Approp.-General Fund	1,894,354	1,886,653	581,700		
Mandated Allotments	234,703	85,200	68,700		
Total General Fund	3,858,031,357	3,852,882,353	3,865,043,000	4,006,095,500	4,093,244,600
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	2,050,000				
Reorganization Adjustment	-2,050,000				
Total Tobacco Settlement - Phase I					
Restricted Funds					
Balance Forward	8,747,235	8,709,272	11,052,100	4,636,000	4,386,000
Current Receipts	4,814,663	7,087,510	25,267,600	32,777,300	33,909,800
Non-Revenue Receipts	19,337,813	19,936,873			
Fund Transfers	-833,900			-250,000	
Total Restricted Funds	32,065,811	35,733,656	36,319,700	37,163,300	38,295,800
Federal Funds					
Balance Forward	2,860,617	1,129,694	1,707,800		
Current Receipts	848,947,859	831,409,177	883,829,700	887,847,800	888,387,200
Non-Revenue Receipts	5,284,355	-626,358	-172,700		
ARRA Receipts	62,853,469	16,963,427			
Total Federal Funds	919,946,298	848,875,940	885,364,800	887,847,800	888,387,200
TOTAL SOURCE OF FUNDS	4,810,043,466	4,737,491,949	4,786,727,500	4,931,106,600	5,019,927,600
EXPENDITURES BY CLASS					
Personnel Cost	100,904,361	100,564,584	105,479,900	111,357,251	113,925,199
Operating Expenses	32,095,519	30,803,221	29,903,800	30,229,764	30,321,351
Grants Loans Benefits	4,652,391,969	4,583,972,601	4,638,090,300	4,785,033,785	4,871,073,250
Debt Service				61,000	183,000
Capital Outlay	240,741	157,346	38,800	38,800	38,800
Construction	11,076	1,890			
TOTAL EXPENDITURES	4,785,643,666	4,715,499,643	4,773,512,800	4,926,720,600	5,015,541,600
EXPENDITURES BY FUND SOURCE					
General Fund	3,843,470,524	3,845,364,183	3,856,464,300	4,006,095,500	4,093,244,600
Restricted Funds	23,356,538	24,681,751	31,683,700	32,777,300	33,909,800
Federal Funds	918,816,604	845,453,709	885,364,800	887,847,800	888,387,200
TOTAL EXPENDITURES	4,785,643,666	4,715,499,643	4,773,512,800	4,926,720,600	5,015,541,600
EXPENDITURES BY UNIT					
Support Education Excellence in Kentucky (SEEK)	2,899,497,950	2,882,091,186	2,879,840,800	2,972,270,700	3,009,490,600
Operations and Support Services	343,429,730	346,823,787	383,320,000	385,445,500	389,837,600
Learning and Results Services	1,542,715,987	1,486,584,670	1,510,352,000	1,569,004,400	1,616,213,400
TOTAL EXPENDITURES	4,785,643,666	4,715,499,643	4,773,512,800	4,926,720,600	5,015,541,600

In enacting the Kentucky Education Reform Act (KERA), the 1990 General Assembly provided for a reconstituted Department of Education to implement KERA along with existing programs. In accordance with KRS 156.148, the Department of Education is headed by a Commissioner of Education appointed by the Kentucky Board of Education.

Education and Workforce Development

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	48,905,000	47,852,600	48,321,700	51,054,900	51,905,800
State Salary and Compensation Allocation	1,176,300	57,000	114,000		
Total General Fund	50,081,300	47,909,600	48,435,700	51,054,900	51,905,800
Restricted Funds					
Balance Forward	8,499,989	39,329,847	10,284,300	8,494,600	7,060,800
Current Receipts	11,026,385	11,511,386	38,866,200	43,053,300	42,116,500
Non-Revenue Receipts	63,659,271	4,513,731	5,321,900	5,192,300	5,394,500
Fund Transfers	-499,500			-900,000	
Total Restricted Funds	82,686,145	55,354,964	54,472,400	55,840,200	54,571,800
Federal Funds					
Balance Forward	5,912,129	5,206,137	3,375,400	2,257,900	3,454,700
Current Receipts	1,365,067,862	1,395,445,766	1,171,329,000	1,180,508,200	1,183,502,500
Non-Revenue Receipts	-21,900,907	-383,073,138	-291,000		
ARRA Receipts	2,205,694	2,923,429			
Total Federal Funds	1,351,284,778	1,020,502,195	1,174,413,400	1,182,766,100	1,186,957,200
TOTAL SOURCE OF FUNDS	1,484,052,222	1,123,766,759	1,277,321,500	1,289,661,200	1,293,434,800
EXPENDITURES BY CLASS					
Personnel Cost	95,777,555	127,117,706	112,946,600	121,692,900	126,399,100
Operating Expenses	30,938,333	31,927,161	33,331,200	32,636,800	32,305,300
Grants Loans Benefits	1,279,851,659	946,942,700	1,104,791,800	1,107,885,700	1,108,051,700
Debt Service	28,150,465	986,577	14,568,500	14,568,500	14,568,500
Capital Outlay	1,878,866	2,934,411	930,900	2,361,800	966,800
Construction	42,260	197,334			
TOTAL EXPENDITURES	1,436,639,138	1,110,105,890	1,266,569,000	1,279,145,700	1,282,291,400
EXPENDITURES BY FUND SOURCE					
General Fund	47,204,200	47,909,548	48,435,700	51,054,900	51,905,800
Restricted Funds	43,356,298	45,069,781	45,977,800	48,779,400	46,963,300
Federal Funds	1,346,078,640	1,017,126,560	1,172,155,500	1,179,311,400	1,183,422,300
TOTAL EXPENDITURES	1,436,639,138	1,110,105,890	1,266,569,000	1,279,145,700	1,282,291,400
EXPENDITURES BY UNIT					
General Administration and Program Support	9,472,229	10,135,229	10,382,000	10,225,200	10,488,900
Commission on Proprietary Education	208,058	86,959	187,700	272,300	283,100
Deaf and Hard of Hearing	1,495,700	1,628,372	1,588,300	1,970,500	1,992,400
Kentucky Educational Television	13,055,058	14,351,720	14,467,900	14,488,900	14,696,000
Environmental Education Council	219,711	200,498	349,400	239,900	242,400
Libraries and Archives	17,387,172	15,679,290	16,911,600	19,527,200	18,458,700
Workforce Investment	1,386,704,918	1,060,407,970	1,214,446,300	1,223,190,300	1,227,813,200
Education Professional Standards Board	8,096,292	7,615,852	8,235,800	9,231,400	8,316,700
TOTAL EXPENDITURES	1,436,639,138	1,110,105,890	1,266,569,000	1,279,145,700	1,282,291,400

During the 2006 Regular Session of the General Assembly, Senate Bill 105 combined several departments and offices from the former Education, Arts, and Humanities Cabinet and the former Workforce Development Cabinet to create the Education Cabinet. Senate Bill 78 during the 2009 Regular Session of the General Assembly renamed the cabinet to the Education and Workforce Development Cabinet to emphasize the important connection between education and workforce development. Since that time, other changes have been implemented via enacted legislation including moving the Council on Postsecondary Education from the Education and Workforce Development Cabinet to the Governor's Office, for administrative purposes; moving the Governor's Scholars Program from the Governor's Office to the Education and Workforce Development Cabinet; and dissolving the Board for Proprietary Education and creating the Commission on Proprietary Education, and moving it to the Education and Workforce Development Cabinet for administrative purposes.

The following agencies comprise the Education and Workforce Development Cabinet:

- Department of Education
- Kentucky Center for School Safety
- Governor's Scholars Program
- Education Professional Standards Board
- Kentucky Commission on the Deaf and Hard of Hearing
- Environmental Education Council
- Department for Workforce Investment
- Kentucky Commission on Proprietary Education
- Kentucky Educational Television
- Department for Libraries and Archives

Energy and Environment

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	80,652,100	76,004,500	77,144,600	76,996,900	78,113,400
State Salary and Compensation Allocation	4,095,800	133,200	266,400		
Current Year Appropriation	952,000		742,600		
Continuing Approp.-General Fund	409,760	462,487	675,400		
Mandated Allotments	3,040,642	4,672,725			
Total General Fund	89,150,302	81,272,912	78,829,000	76,996,900	78,113,400
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	6,000,000	3,000,000	2,500,000	6,000,000	
Continuing Approp.-Tobacco Settlement	7,463,478	8,340,255	7,544,900		
Budget Reduction-General Fund Tobacco			-2,500,000		
Total Tobacco Settlement - Phase I	13,463,478	11,340,255	7,544,900	6,000,000	
Restricted Funds					
Balance Forward	17,575,607	21,395,020	29,373,900	13,218,900	8,792,500
Current Receipts	23,861,052	22,657,684	20,240,700	22,867,100	23,024,100
Non-Revenue Receipts	92,186,309	66,501,035	71,199,100	80,634,600	79,226,200
Fund Transfers	-40,591,200	-13,500,000	-13,500,000	-17,477,000	-15,723,000
Total Restricted Funds	93,031,768	97,053,739	107,313,700	99,243,600	95,319,800
Federal Funds					
Balance Forward	68,503	184,633	79,600		
Current Receipts	88,910,653	78,198,556	85,107,800	83,817,000	83,624,400
Non-Revenue Receipts	-13,032,164	644,770	-9,176,400	-2,043,500	-2,020,700
ARRA Receipts	21,309,367	1,398,967			
Total Federal Funds	97,256,360	80,426,926	76,011,000	81,773,500	81,603,700
Road Fund					
Regular Appropriation	300,000	300,000	300,000	316,400	320,900
Total Road Fund	300,000	300,000	300,000	316,400	320,900
TOTAL SOURCE OF FUNDS	293,201,907	270,393,832	269,998,600	264,330,400	255,357,800
EXPENDITURES BY CLASS					
Personnel Cost	127,942,259	130,005,613	128,723,700	126,874,600	129,220,300
Operating Expenses	39,528,260	34,654,338	45,882,600	47,265,100	47,167,500
Grants Loans Benefits	54,094,997	42,711,031	46,948,200	42,830,000	35,717,200
Debt Service	7,216,000	589,000	589,000	589,000	616,000
Capital Outlay	5,533,558	3,375,436	7,386,300	6,598,400	6,160,600
Construction	18,719,838	15,403,560	21,934,500	24,167,200	24,167,200
TOTAL EXPENDITURES	253,034,912	226,738,978	251,464,300	248,324,300	243,048,800
EXPENDITURES BY FUND SOURCE					
General Fund	78,905,815	75,054,998	73,513,600	69,783,300	71,045,400
Tobacco Settlement - Phase I	5,123,223	3,356,736	7,544,900	6,000,000	
Restricted Funds	71,636,748	67,680,032	94,094,800	90,451,100	90,078,800
Federal Funds	97,071,727	80,347,212	76,011,000	81,773,500	81,603,700
Road Fund	297,400	300,000	300,000	316,400	320,900
TOTAL EXPENDITURES	253,034,912	226,738,978	251,464,300	248,324,300	243,048,800
EXPENDITURES BY UNIT					
Secretary	6,052,289	5,515,096	6,144,900	5,559,300	5,589,100
Environmental Protection	107,042,760	95,501,659	113,186,900	115,119,800	115,408,400
Natural Resources	105,228,715	107,693,394	112,214,500	111,405,900	106,375,100
Energy Development and Independence	23,760,781	5,866,298	7,323,300	4,515,500	3,784,200
Kentucky Nature Preserves Commission	1,408,099	2,230,992	1,755,100	1,486,600	1,500,000

Public Service Commission	9,542,267	9,931,539	10,839,600	10,237,200	10,392,000
TOTAL EXPENDITURES	253,034,912	226,738,978	251,464,300	248,324,300	243,048,800

The Energy and Environment Cabinet is charged with the protection and preservation of land, air and water resources as well as creating efficient, sustainable energy solutions. The Cabinet has three departments: Environmental Protection, Natural Resources, and Energy Development and Independence. Attached for administrative purposes are the Mine Safety Review Commission, the State Nature Preserves Commission, the Environmental Quality Commission, and the Public Service Commission.

A Secretary appointed by the Governor heads the Cabinet. The Secretary is responsible for leadership, monitoring trends and shaping a vision for the future of Kentucky's energy platform and environment.

Finance and Administration

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	415,360,300	575,958,700	595,188,600	591,338,800	594,545,900
State Salary and Compensation Allocation	6,258,400	200,200	400,400		
Mandated Allotments	600,000	4,602,000			
Total General Fund	422,218,700	580,760,900	595,589,000	591,338,800	594,545,900
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	30,550,700	28,566,900	30,935,800	30,820,000	30,907,000
Continuing Approp.-Tobacco Settlement	142				
Budget Reduction-General Fund Tobacco	-464,770		-5,806,300		
Other			5,751,000		
Total Tobacco Settlement - Phase I	30,086,072	28,566,900	30,880,500	30,820,000	30,907,000
Restricted Funds					
Balance Forward	56,773,205	50,904,462	59,328,500	38,954,000	21,385,000
Current Receipts	152,030,648	176,204,649	173,253,700	223,265,100	225,862,400
Non-Revenue Receipts	889,570	5,391,279	4,895,200	2,202,000	2,240,400
Fund Transfers	-20,963,356	-6,750,000	-6,750,000	-6,000,000	-1,000,000
Total Restricted Funds	188,730,067	225,750,391	230,727,400	258,421,100	248,487,800
Federal Funds					
Balance Forward	1	1			
Current Receipts	2,766,252	5,894,402	6,324,700	5,168,000	5,168,000
Non-Revenue Receipts	-157,275				
ARRA Receipts	26,089,780	5,132,829			
Total Federal Funds	28,698,758	11,027,232	6,324,700	5,168,000	5,168,000
Road Fund					
Regular Appropriation	2,725,000	3,120,400	3,120,400	3,335,700	3,399,600
Current Year Appropriation	395,400				
Total Road Fund	3,120,400	3,120,400	3,120,400	3,335,700	3,399,600
TOTAL SOURCE OF FUNDS	672,853,996	849,225,823	866,642,000	889,083,600	882,508,300
EXPENDITURES BY CLASS					
Personnel Cost	178,959,411	214,714,405	215,584,300	229,674,900	231,483,800
Operating Expenses	95,956,107	106,952,861	119,996,800	154,786,700	154,704,600
Grants Loans Benefits	29,222,829	11,451,679	7,030,200	5,923,500	5,873,500
Debt Service	217,450,414	421,433,892	434,784,100	443,171,600	444,950,500
Capital Outlay	6,340,285	8,918,906	14,925,100	19,669,400	19,717,500
Construction	117				
TOTAL EXPENDITURES	527,929,164	763,471,742	792,320,500	853,226,100	856,729,900
EXPENDITURES BY FUND SOURCE					
General Fund	340,338,467	556,629,227	562,515,000	579,045,800	582,252,900
Tobacco Settlement - Phase I	18,043,736	26,273,206	28,587,000	28,640,500	28,727,500
Restricted Funds	137,825,604	166,421,678	191,773,400	237,036,100	237,181,900
Federal Funds	28,698,757	11,027,231	6,324,700	5,168,000	5,168,000
Road Fund	3,022,600	3,120,400	3,120,400	3,335,700	3,399,600
TOTAL EXPENDITURES	527,929,164	763,471,742	792,320,500	853,226,100	856,729,900
EXPENDITURES BY UNIT					
General Administration	59,617,218	42,341,412	41,645,200	46,695,200	49,037,100
Controller	13,399,218	13,607,995	16,054,700	14,769,100	15,066,400
Debt Service	215,792,402	421,189,017	434,695,100	441,537,100	441,105,000
Facilities and Support Services	38,400,966	41,437,692	45,339,700	47,703,500	48,528,100
County Costs	18,709,944	22,616,512	18,436,200	17,599,500	17,599,500
Commonwealth Office of Technology	60,271,350	85,063,847	95,980,100	139,019,000	139,495,500
Revenue	81,147,496	93,590,398	95,892,900	103,559,800	102,342,800

Property Valuation Administrators	40,590,570	43,624,870	44,276,600	42,342,900	43,555,500
TOTAL EXPENDITURES	527,929,164	763,471,742	792,320,500	853,226,100	856,729,900

The Finance and Administration Cabinet is responsible for managing the financial resources of the Commonwealth and providing central administrative services to agencies of state and local government. The mission of the Finance and Administration Cabinet is to provide its customers with assistance in the delivery of quality services, effective administration, and sound financial management. The Cabinet provides leadership, coordination, and support to other state agencies to ensure accountability and integrity in the use of public resources. The Finance and Administration Cabinet constantly strives to conduct government business more effectively. Moreover, among the highest priorities of the Cabinet is providing state government with the resources necessary to carry out its mission by equitable and efficient revenue collection.

The Cabinet's duties include construction of state facilities, property management including motor vehicles, tax administration and collection, management of the Commonwealth's information technology systems, expenditure control, and state purchasing.

Health and Family Services

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,110,375,300	1,997,288,400	2,184,786,300	2,310,593,300	2,382,166,800
State Salary and Compensation Allocation	7,255,800	323,800	647,600		
Special Appropriation	-97,295,800				
Continuing Approp.-General Fund	16,350,700				
Total General Fund	2,036,686,000	1,997,612,200	2,185,433,900	2,310,593,300	2,382,166,800
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	41,511,500	37,203,800	36,777,900	23,672,700	22,990,200
Continuing Approp.-Tobacco Settlement	1,516,960	3,795,691	3,698,000		
Budget Reduction-General Fund Tobacco	-402,185		-19,355,200		
Other		2,118,026			
Total Tobacco Settlement - Phase I	42,626,275	43,117,516	21,120,700	23,672,700	22,990,200
Restricted Funds					
Balance Forward	73,344,102	62,605,113	49,599,900	31,440,900	20,382,900
Current Receipts	560,634,471	579,051,495	521,976,700	520,596,700	527,400,000
Non-Revenue Receipts	320,289,262	375,787,662	463,723,900	514,551,900	493,035,200
Fund Transfers	-6,551,600				
Total Restricted Funds	947,716,235	1,017,444,271	1,035,300,500	1,066,589,500	1,040,818,100
Federal Funds					
Balance Forward	79,018,730	44,606,583	153,594,800		
Current Receipts	5,115,393,851	5,042,082,196	5,990,554,200	6,903,557,200	7,179,243,100
Non-Revenue Receipts	1,877,149	1,154,160			
ARRA Receipts	49,997,543	53,341,787	3,000,000		
Total Federal Funds	5,246,287,271	5,141,184,726	6,147,149,000	6,903,557,200	7,179,243,100
TOTAL SOURCE OF FUNDS	8,273,315,781	8,199,358,712	9,389,004,100	10,304,412,700	10,625,218,200
EXPENDITURES BY CLASS					
Personnel Cost	649,886,743	676,583,484	678,618,600	737,909,900	737,389,800
Operating Expenses	110,721,070	122,011,598	126,249,100	116,837,800	122,863,000
Grants Loans Benefits	7,385,089,496	7,186,391,249	8,535,459,000	9,415,984,400	9,739,175,900
Debt Service	2,642,500	482,500		11,246,300	11,667,500
Capital Outlay	1,560,547	1,172,771	986,500	986,400	836,400
Construction	67,538	5,824,454	750,000	1,065,000	1,065,000
TOTAL EXPENDITURES	8,149,967,894	7,992,466,056	9,342,063,200	10,284,029,800	10,612,997,600
EXPENDITURES BY FUND SOURCE					
General Fund	2,024,345,500	1,997,612,200	2,169,933,900	2,310,593,300	2,382,166,800
Tobacco Settlement - Phase I	38,830,584	39,419,523	21,120,700	23,672,700	22,990,200
Restricted Funds	885,111,122	967,844,438	1,003,859,600	1,046,206,600	1,028,597,500
Federal Funds	5,201,680,689	4,987,589,895	6,147,149,000	6,903,557,200	7,179,243,100
TOTAL EXPENDITURES	8,149,967,894	7,992,466,056	9,342,063,200	10,284,029,800	10,612,997,600
EXPENDITURES BY UNIT					
General Administration and Program Support	82,689,267	88,693,660	87,941,900	92,889,100	88,738,500
Comm for Children with Special Health Care Needs	15,212,106	15,859,999	16,313,700	16,938,400	17,124,100
Medicaid Services	6,069,433,944	5,910,899,080	7,203,086,400	8,067,173,300	8,390,815,800
Behavioral Health, Developmental & Intellectual Disabilities	442,388,777	432,855,237	462,258,600	469,605,800	460,324,400
Public Health	351,986,442	342,735,699	378,927,800	379,819,400	368,148,500
Health Policy	6,038,934	3,294,201	1,216,000	1,257,800	1,273,700
Family Resource Centers and Volunteer Services	4,974,332	4,459,143	3,603,600	4,576,800	4,548,400
Income Support	97,083,715	94,797,449	110,225,400	102,623,500	104,465,400

Community Based Services	992,861,788	1,000,918,972	962,004,700	1,042,806,800	1,078,099,800
Aging and Independent Living	65,939,882	69,077,520	71,849,500	72,401,500	72,570,700
Health Benefit Exchange	21,358,709	28,875,097	44,635,600	33,937,400	26,888,300
TOTAL EXPENDITURES	8,149,967,894	7,992,466,056	9,342,063,200	10,284,029,800	10,612,997,600

The Cabinet for Health and Family Services is the primary state agency responsible for leadership in protecting and promoting the health and well being of all Kentuckians through the delivery of quality health and human services. The following departments and/or offices comprise the Cabinet for Health and Family Services: the Office of the Secretary, Governor's Office of Electronic Health Information, Office of Communications and Administrative Review, Office of the Inspector General, Office of Legal Services, Office of Administrative and Technology Services, Office of Human Resource Management, Office of Policy and Budget and Office of the Ombudsman comprise the Administration and Program Support appropriation unit. Remaining agencies/appropriation units within the Cabinet include the Office of the Kentucky Health Benefit Exchange, the Office of Health Policy, Department for Medicaid Services, Department for Behavioral Health, Developmental and Intellectual Disabilities, Department for Public Health, Department for Aging and Independent Living, Department for Community Based Services, Department for Income Support, Department for Family Resource Centers and Volunteer Services and the Commission for Children with Special Health Care Needs.

Justice and Public Safety

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	629,988,000	649,764,300	651,738,400	679,564,200	692,339,200
State Salary and Compensation Allocation	17,247,700	913,700	1,836,900		
Special Appropriation	-1,200,000				
Current Year Appropriation			11,625,400		
Mandated Allotments	20,538,500	25,000,000	18,163,800		
Total General Fund	666,574,200	675,678,000	683,364,500	679,564,200	692,339,200
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	1,923,400	1,724,500	1,700,200	1,700,200	1,241,100
Continuing Approp.-Tobacco Settlement			47,100		
Budget Reduction-General Fund Tobacco	-17,355		-851,900		
Total Tobacco Settlement - Phase I	1,906,045	1,724,500	895,400	1,700,200	1,241,100
Restricted Funds					
Balance Forward	21,158,915	33,997,406	30,157,500	10,485,900	5,621,200
Current Receipts	43,775,243	42,498,337	40,010,900	47,635,000	47,863,700
Non-Revenue Receipts	78,077,662	85,866,334	68,615,500	79,730,500	81,472,600
Fund Transfers	-3,757,980	-17,041,100	-17,488,800	-16,530,000	-11,000,000
Total Restricted Funds	139,253,840	145,320,978	121,295,100	121,321,400	123,957,500
Federal Funds					
Balance Forward	6,628,264	2,343,972	953,100	558,600	279,300
Current Receipts	33,773,018	39,943,763	46,493,800	38,705,700	36,545,600
Non-Revenue Receipts	3,638,435	-788,580	-6,098,400		
ARRA Receipts	1,959,330	893,695			
Total Federal Funds	45,999,046	42,392,850	41,348,500	39,264,300	36,824,900
Road Fund					
Regular Appropriation	83,251,500	89,475,900	91,898,200	95,745,500	96,845,800
Total Road Fund	83,251,500	89,475,900	91,898,200	95,745,500	96,845,800
TOTAL SOURCE OF FUNDS	936,984,632	954,592,228	938,801,700	937,595,600	951,208,500
EXPENDITURES BY CLASS					
Personnel Cost	502,607,507	533,094,725	546,877,500	559,533,900	569,965,000
Operating Expenses	107,224,192	115,671,319	115,469,500	115,260,300	115,235,000
Grants Loans Benefits	259,176,947	263,307,948	258,184,600	250,450,200	250,737,300
Debt Service	5,188,322	2,376,324	2,135,900	2,510,400	3,003,000
Capital Outlay	5,182,960	6,382,247	5,089,400	3,940,000	3,550,000
Construction	23,024	13,946	300	300	300
TOTAL EXPENDITURES	879,402,952	920,846,510	927,757,200	931,695,100	942,490,600
EXPENDITURES BY FUND SOURCE					
General Fund	646,522,599	673,089,889	683,364,500	679,564,200	692,339,200
Tobacco Settlement - Phase I	1,906,045	1,677,390	895,400	1,700,200	1,241,100
Restricted Funds	105,256,434	115,163,548	110,809,200	115,700,200	115,239,600
Federal Funds	43,655,074	41,439,783	40,789,900	38,985,000	36,824,900
Road Fund	82,062,800	89,475,900	91,898,200	95,745,500	96,845,800
TOTAL EXPENDITURES	879,402,952	920,846,510	927,757,200	931,695,100	942,490,600
EXPENDITURES BY UNIT					
Justice Administration	28,586,328	26,851,251	28,350,500	27,825,000	27,401,600
Criminal Justice Training	47,431,666	48,799,186	49,497,200	52,240,000	52,040,000
Juvenile Justice	97,750,935	102,367,558	104,295,200	103,703,800	105,189,800
State Police	181,599,312	200,115,391	196,991,200	204,327,200	206,962,600
Corrections	480,429,295	495,994,743	499,299,400	492,786,800	499,067,400
Public Advocacy	43,605,416	46,718,380	49,323,700	50,812,300	51,829,200
TOTAL EXPENDITURES	879,402,952	920,846,510	927,757,200	931,695,100	942,490,600

The Kentucky Justice Cabinet was established in 1974. It was renamed the Justice and Public Safety Cabinet in 2007. In 2009 the Department of Vehicle Enforcement was brought under the Kentucky State Police.

The Cabinet is comprised of six departments:

- Department of Justice Administration
- Department for Public Advocacy
- Department of Kentucky State Police
- Department of Juvenile Justice
- Department of Criminal Justice Training
- Department of Corrections

	Labor				
	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,829,700	4,649,500	4,744,100	5,101,500	5,183,400
State Salary and Compensation Allocation	327,600	8,500	17,000		
Total General Fund	5,157,300	4,658,000	4,761,100	5,101,500	5,183,400
Restricted Funds					
Balance Forward	14,402,683	17,328,470	19,995,700	10,126,400	678,900
Current Receipts	101,704,502	99,402,206	99,650,000	107,341,700	112,448,500
Non-Revenue Receipts	91,667,108	88,968,250	94,265,900	108,948,400	104,966,800
Fund Transfers	-69,100				
Total Restricted Funds	207,705,193	205,698,927	213,911,600	226,416,500	218,094,200
Federal Funds					
Balance Forward	2,642	138,935	137,400		
Current Receipts	4,001,204	4,051,856	4,078,700	4,130,800	4,145,400
Non-Revenue Receipts	-267,407	-248,133	-228,200	-25,200	-25,200
Total Federal Funds	3,736,439	3,942,658	3,987,900	4,105,600	4,120,200
TOTAL SOURCE OF FUNDS	216,598,933	214,299,585	222,660,600	235,623,600	227,397,800
EXPENDITURES BY CLASS					
Personnel Cost	126,573,763	125,533,376	134,814,900	151,696,400	148,807,400
Operating Expenses	5,352,459	5,641,837	6,993,800	7,164,700	7,205,200
Grants Loans Benefits	66,538,131	62,783,233	70,347,600	71,857,600	71,347,600
Capital Outlay	218,974	208,089	377,900	4,226,000	
TOTAL EXPENDITURES	198,683,327	194,166,534	212,534,200	234,944,700	227,360,200
EXPENDITURES BY FUND SOURCE					
General Fund	4,709,100	4,658,000	4,761,100	5,101,500	5,183,400
Restricted Funds	190,376,723	185,703,314	203,785,200	225,737,600	218,056,600
Federal Funds	3,597,504	3,805,220	3,987,900	4,105,600	4,120,200
TOTAL EXPENDITURES	198,683,327	194,166,534	212,534,200	234,944,700	227,360,200
EXPENDITURES BY UNIT					
Secretary	3,510,021	3,693,629	4,847,000	4,541,200	4,603,600
General Administration and Program Support	5,281,162	5,484,297	6,072,400	6,440,000	6,733,300
Workplace Standards	77,015,248	74,219,399	82,851,000	84,658,200	84,379,900
Workers' Claims	14,563,810	15,122,771	16,527,200	21,788,000	18,039,100
Occupational Safety and Health Review Commission	478,585	594,653	711,200	757,200	770,900
Workers' Compensation Funding Commission	97,834,501	95,051,784	101,525,400	116,760,100	112,833,400
TOTAL EXPENDITURES	198,683,327	194,166,534	212,534,200	234,944,700	227,360,200

The Labor Cabinet is created pursuant to KRS 336. The Cabinet consists of the Office of the Secretary, the Department of Workers' Claims, and the Department of Workplace Standards. The Office of the Secretary manages and administers the Cabinet. The Department of Workers' Claims administers workers' compensation claims and ensures that employers comply with the insurance, self-insurance and rehabilitation provisions in KRS Chapter 342. The Department of Workplace Standards regulates state and federal laws regarding prevailing wage, employment standards, occupational safety and health and child labor law. Workplace Standards also administers the payment of workers' compensation injury claims by the Special Fund and the Coal Workers' Pneumoconiosis Fund.

Attached to the Labor Cabinet for administrative purposes are the Kentucky Labor Management Advisory Council, the State Labor Relations Board, the Workers' Compensation Funding Commission, the Workers' Compensation Advisory Council, the Kentucky Occupational Safety and Health Review Commission, the Occupational Safety and Health Standards Board, the Prevailing Wage Review Board, the Apprenticeship and Training Council, the Employers' Mutual Insurance Authority, the Workers' Compensation Nominating Commission, and the Workers' Compensation Board.

In addition, the Office of General Administration and Program Support for Shared Services and the Office of Inspector General

are attached to the Labor Cabinet for administrative purposes. These offices provide principal administrative, human resources, budget, auditing, and internal investigation activities for the Labor Cabinet, Energy and Environment Cabinet, and Public Protection Cabinet.

	Personnel				
	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	62,619,900	3,457,800	5,557,800	959,600	959,600
State Salary and Compensation Allocation	-47,959,200	-2,200,000	-4,500,000		
Total General Fund	14,660,700	1,257,800	1,057,800	959,600	959,600
Restricted Funds					
Balance Forward	16,683,809	21,422,701	18,878,900	16,824,200	12,510,500
Current Receipts	49,540,591	49,609,770	53,032,800	54,053,200	54,755,400
Non-Revenue Receipts	9,318,551	9,257,511	7,889,800	8,839,200	8,921,100
Fund Transfers	-2,526,400	-6,990,100	-2,691,600	-4,692,400	-2,688,900
Total Restricted Funds	73,016,552	73,299,882	77,109,900	75,024,200	73,498,100
TOTAL SOURCE OF FUNDS	87,677,252	74,557,682	78,167,700	75,983,800	74,457,700
EXPENDITURES BY CLASS					
Personnel Cost	51,283,187	48,607,646	54,172,600	55,990,400	57,366,700
Operating Expenses	6,040,962	5,797,524	6,112,800	6,523,000	6,474,100
Grants Loans Benefits	1,459,150	1,258,100	1,058,100	959,900	959,900
Debt Service	2,879,000				
Capital Outlay	69,702	15,596			
TOTAL EXPENDITURES	61,732,001	55,678,866	61,343,500	63,473,300	64,800,700
EXPENDITURES BY FUND SOURCE					
General Fund	10,138,150	1,257,800	1,057,800	959,600	959,600
Restricted Funds	51,593,851	54,421,066	60,285,700	62,513,700	63,841,100
TOTAL EXPENDITURES	61,732,001	55,678,866	61,343,500	63,473,300	64,800,700
EXPENDITURES BY UNIT					
General Operations	32,391,623	27,053,801	26,818,800	27,764,400	28,028,200
Public Employees Deferred Compensation Authority	6,342,651	6,502,817	8,877,200	9,112,100	9,161,500
Workers' Compensation Benefits and Reserve	21,538,578	20,864,449	24,589,700	25,637,200	26,651,400
State Group Health Insurance Fund	1,459,150	1,257,800	1,057,800	959,600	959,600
TOTAL EXPENDITURES	61,732,001	55,678,866	61,343,500	63,473,300	64,800,700

The Personnel Cabinet provides human resources management for Kentucky state government agencies. The Cabinet coordinates the personnel and payroll functions for most of state government. It coordinates state employee benefit packages, such as health and life insurance, workers' compensation, and deferred compensation programs. The Cabinet coordinates state government's employee application process, as well as recruiting and retention functions.

Currently, the Personnel Cabinet is comprised of five appropriation units: General Operations, Public Employees Deferred Compensation Authority, Workers' Compensation Benefits and Reserve, the State Group Health Insurance Fund, and the State Salary and Compensation Fund.

The Department of Personnel was created in 1960 under KRS 18.160. At the time of its inception, it was headed by a personnel board consisting of five members appointed by the Governor. The Board had the responsibility to forward to the Governor a list of qualified applicants for the position of Commissioner of Personnel. In 1972, the legislature made the Commissioner of Personnel a direct appointee of the Governor without nominations from the Personnel Board.

In 1982, KRS 18.160 was repealed and re-enacted under KRS chapter 18A.015. Legislation enacted that year also authorized the Department to charge other state agencies their pro rata share of costs associated with the administration of the Executive Branch's personnel-related functions. In 1998, the General Assembly elevated the Department to Cabinet status.

Postsecondary Education

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,226,931,800	1,171,620,700	1,175,796,000	1,157,896,600	1,192,911,900
State Salary and Compensation Allocation	215,200	9,700	19,400		
Current Year Appropriation			1,800,000		
Continuing Approp.-General Fund	7,841,157	7,887,773	10,097,900		
Total General Fund	1,234,988,157	1,179,518,173	1,187,713,300	1,157,896,600	1,192,911,900
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	5,987,600	5,047,800	4,887,800	6,072,500	4,707,500
Continuing Approp.-Tobacco Settlement	240	390	743,000		
Budget Reduction-General Fund Tobacco	-42,748		-2,399,200		
Other		742,006			
Total Tobacco Settlement - Phase I	5,945,092	5,790,196	3,231,600	6,072,500	4,707,500
Restricted Funds					
Balance Forward	8,732,876	5,903,858	7,512,900	1,470,800	1,078,400
Current Receipts	3,480,740,503	3,647,959,038	4,546,665,400	4,720,095,600	4,891,526,500
Non-Revenue Receipts	13,078,965	16,801,184	14,459,100	14,783,600	14,780,000
Fund Transfers	-396,000			-10,500,000	-5,000,000
Total Restricted Funds	3,502,156,345	3,670,664,080	4,568,637,400	4,725,850,000	4,902,384,900
Federal Funds					
Balance Forward				222,500	222,500
Current Receipts	867,168,156	833,206,259	889,312,800	907,149,800	938,190,700
Non-Revenue Receipts	714,015	-524,074			
ARRA Receipts	5,100				
Total Federal Funds	867,887,271	832,682,185	889,312,800	907,372,300	938,413,200
TOTAL SOURCE OF FUNDS	5,610,976,864	5,688,654,634	6,648,895,100	6,797,191,400	7,038,417,500
EXPENDITURES BY CLASS					
Personnel Cost	3,064,336,363	3,101,530,914	3,195,755,500	3,261,620,700	3,360,347,800
Operating Expenses	1,335,354,009	1,328,383,986	2,058,741,500	2,126,315,100	2,207,324,000
Grants Loans Benefits	819,387,460	820,472,491	1,129,306,100	1,145,607,600	1,173,828,000
Debt Service	121,532,905	123,080,905	133,890,900	130,925,900	160,492,800
Capital Outlay	232,086,603	168,145,725	126,573,800	131,421,200	135,021,600
TOTAL EXPENDITURES	5,572,697,340	5,541,614,021	6,644,267,800	6,795,890,500	7,037,014,200
EXPENDITURES BY FUND SOURCE					
General Fund	1,224,981,080	1,166,542,220	1,184,779,300	1,157,896,600	1,192,911,900
Tobacco Settlement - Phase I	5,944,702	5,047,186	3,231,600	6,072,500	4,707,500
Restricted Funds	3,473,882,787	3,537,363,030	4,567,166,600	4,724,771,600	4,901,204,100
Federal Funds	867,888,771	832,661,585	889,090,300	907,149,800	938,190,700
TOTAL EXPENDITURES	5,572,697,340	5,541,614,021	6,644,267,800	6,795,890,500	7,037,014,200
EXPENDITURES BY UNIT					
Council on Postsecondary Education	73,243,748	71,416,067	72,534,200	74,558,600	99,142,600
Kentucky Higher Education Assistance Authority	215,487,096	218,132,759	232,445,200	231,395,900	234,918,200
Postsecondary Education Institutions	5,283,966,496	5,252,065,195	6,339,288,400	6,489,936,000	6,702,953,400
TOTAL EXPENDITURES	5,572,697,340	5,541,614,021	6,644,267,800	6,795,890,500	7,037,014,200

	Public Protection				
	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,181,900	6,688,000	6,814,300	5,200,400	7,322,000
State Salary and Compensation Allocation	263,000	12,600	25,300		
Total General Fund	7,444,900	6,700,600	6,839,600	5,200,400	7,322,000
Restricted Funds					
Balance Forward	55,950,428	62,689,902	64,678,800	60,296,200	39,028,200
Current Receipts	82,553,115	81,083,775	81,293,000	81,838,900	81,761,500
Non-Revenue Receipts	15,134,346	17,782,560	20,836,300	19,360,400	19,653,200
Fund Transfers	-22,859,956	-25,000,000	-22,155,100	-31,450,000	-28,450,000
Total Restricted Funds	130,777,933	136,556,237	144,653,000	130,045,500	111,992,900
Federal Funds					
Balance Forward	5	10,345	8,600		
Current Receipts	1,022,072	1,498,853	1,462,600	1,515,700	1,498,700
Non-Revenue Receipts	-108,561	-31,697	-8,600		
ARRA Receipts	639,976	31,697			
Total Federal Funds	1,553,493	1,509,198	1,462,600	1,515,700	1,498,700
TOTAL SOURCE OF FUNDS	139,776,326	144,766,035	152,955,200	136,761,600	120,813,600
EXPENDITURES BY CLASS					
Personnel Cost	47,537,542	49,952,507	57,548,200	62,013,500	63,267,200
Operating Expenses	9,668,935	9,738,289	11,260,200	11,860,600	11,818,400
Grants Loans Benefits	19,097,086	19,490,978	22,971,100	22,972,100	23,066,900
Capital Outlay	248,727	896,945	879,500	887,200	770,400
Construction	190				
TOTAL EXPENDITURES	76,552,479	80,078,719	92,659,000	97,733,400	98,922,900
EXPENDITURES BY FUND SOURCE					
General Fund	6,921,300	6,700,600	6,839,600	5,200,400	7,322,000
Restricted Funds	68,088,031	71,877,461	84,356,800	91,017,300	90,102,200
Federal Funds	1,543,148	1,500,657	1,462,600	1,515,700	1,498,700
TOTAL EXPENDITURES	76,552,479	80,078,719	92,659,000	97,733,400	98,922,900
EXPENDITURES BY UNIT					
Secretary	4,620,994	4,823,552	5,606,100	6,108,400	6,213,900
Boxing and Wrestling Authority	119,012	116,013	150,700	167,100	169,100
Alcoholic Beverage Control	4,909,568	5,052,706	5,894,600	6,428,300	6,388,500
Charitable Gaming	2,629,244	3,061,696	3,474,400	3,474,000	3,489,300
Board of Claims/Crime Victims' Compensation	2,401,200	2,486,961	2,137,600	2,173,700	2,150,600
Financial Institutions	8,695,310	8,948,239	10,449,800	10,612,100	10,984,400
Horse Racing Commission	22,996,829	23,699,790	29,246,600	29,055,900	29,217,100
Housing, Buildings and Construction	16,735,692	17,451,038	19,273,700	20,579,400	20,979,700
Insurance	13,034,130	14,025,424	16,003,200	18,670,200	18,858,500
Tax Appeals	410,500	413,300	422,300	464,300	471,800
TOTAL EXPENDITURES	76,552,479	80,078,719	92,659,000	97,733,400	98,922,900

The Public Protection Cabinet is charged with the supervision and regulation of industries. The Cabinet has five departments and one office: Alcoholic Beverage Control, Financial Institutions, Housing, Buildings and Construction, Insurance, Charitable Gaming and Office of Occupations and Professions. The Cabinet also has four boards/commissions attached for administrative purposes only: Kentucky Horse Racing Commission, Boxing & Wrestling Authority, Board of Claims/Crime Victims Compensation Board and Board of Tax Appeals. The Office of the Secretary also includes the Office of Communications and Public Outreach and the Office of Legal Services.

Tourism, Arts and Heritage

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	49,521,700	46,308,500	46,723,200	56,539,600	57,967,800
State Salary and Compensation Allocation	1,167,400	89,700	269,600		
Current Year Appropriation	9,000,000		18,716,900		
Total General Fund	59,689,100	46,398,200	65,709,700	56,539,600	57,967,800
Restricted Funds					
Balance Forward	66,176,171	75,629,716	90,546,900	91,220,800	83,571,500
Current Receipts	168,238,730	148,495,638	160,903,500	162,369,500	166,433,100
Non-Revenue Receipts	-13,874,986	22,282,489	-23,047,200	-10,748,800	-10,148,800
Fund Transfers	-798,900			-6,600,000	-3,000,000
Total Restricted Funds	219,741,014	246,407,843	228,403,200	236,241,500	236,855,800
Federal Funds					
Balance Forward	6,148,788	5,126,999	10,624,800	10,547,300	11,331,300
Current Receipts	18,327,428	19,032,887	20,699,400	20,790,400	19,674,600
Non-Revenue Receipts	-2,744,748	2,875,053			
Total Federal Funds	21,731,468	27,034,939	31,324,200	31,337,700	31,005,900
Road Fund					
Regular Appropriation	350,000	350,000	350,000	393,400	410,500
Total Road Fund	350,000	350,000	350,000	393,400	410,500
TOTAL SOURCE OF FUNDS	301,511,582	320,190,982	325,787,100	324,512,200	326,240,000
EXPENDITURES BY CLASS					
Personnel Cost	129,757,009	130,979,017	132,343,100	138,511,100	141,916,600
Operating Expenses	70,714,158	72,080,137	74,150,200	71,531,000	70,417,100
Grants Loans Benefits	11,315,159	10,689,230	12,817,900	16,452,300	11,148,900
Debt Service	5,272,113	4,222,760	1,662,100	657,000	3,696,000
Capital Outlay	1,989,635	1,023,591	3,045,700	2,458,000	1,986,300
Construction	14,839	24,521			
TOTAL EXPENDITURES	219,062,912	219,019,257	224,019,000	229,609,400	229,164,900
EXPENDITURES BY FUND SOURCE					
General Fund	57,997,146	46,398,193	65,709,700	56,539,600	57,967,800
Restricted Funds	144,111,298	155,860,877	137,182,400	152,670,000	152,466,600
Federal Funds	16,604,469	16,410,186	20,776,900	20,006,400	18,320,000
Road Fund	350,000	350,000	350,000	393,400	410,500
TOTAL EXPENDITURES	219,062,912	219,019,257	224,019,000	229,609,400	229,164,900
EXPENDITURES BY UNIT					
Secretary	12,407,007	13,845,678	12,924,900	15,454,100	12,684,800
Artisans Center	2,211,376	2,233,160	2,288,600	2,366,000	2,400,200
Travel	3,163,739	3,041,214	3,113,400	3,139,400	3,193,500
Parks	80,187,673	81,647,954	81,358,200	82,874,700	83,727,100
Horse Park Commission	12,024,542	12,447,688	12,702,200	12,990,600	13,103,400
State Fair Board	49,685,272	46,758,373	46,477,800	46,612,300	50,386,000
Fish and Wildlife Resources	46,200,097	45,864,678	52,127,200	52,619,200	50,171,900
Historical Society	6,629,868	6,873,085	6,757,100	6,779,700	6,828,900
Arts Council	3,749,461	3,849,468	3,714,500	3,928,700	3,707,600
Heritage Council	1,927,903	1,655,566	1,752,700	1,813,500	1,837,800
Kentucky Center for the Arts	875,975	802,393	802,400	1,031,200	1,123,700
TOTAL EXPENDITURES	219,062,912	219,019,257	224,019,000	229,609,400	229,164,900

The Tourism, Arts and Heritage Cabinet's mission (KRS 148.522) is to capitalize on the natural assets of the Commonwealth and draw from resources in business development, tourism, outdoor attractions, arts, and cultural heritage. Through unified efforts of its agencies, the Cabinet will continually strive to improve the quality of life of the people of Kentucky by creating new wealth and generating jobs.

The Tourism, Arts and Heritage Cabinet is comprised of the following agencies:

- Kentucky State Fair Board
- Kentucky Heritage Council
- Kentucky Arts Council
- Kentucky Historical Society
- Kentucky Center for the Arts
- Governor's School for the Arts
- Department of Fish and Wildlife Resources
- Kentucky Horse Park
- Kentucky Department of Parks
- Kentucky Artisan Center at Berea
- Department of Travel and Tourism
- Office of the Secretary
- Capital Plaza Operations
- Creative Services
- The Kentucky Humanities Council

	Transportation				
	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,092,800	5,678,200	5,678,200	6,228,200	6,228,200
Continuing Approp.-General Fund	305,577	139,616	299,400		
Total General Fund	5,398,377	5,817,816	5,977,600	6,228,200	6,228,200
Restricted Funds					
Balance Forward	326,516,773	393,166,692	165,118,300	26,385,300	20,329,600
Current Receipts	116,478,960	97,117,585	130,730,800	127,337,400	124,006,400
Non-Revenue Receipts	256,068,527	92,912,641	1,250,896,000	246,597,300	99,945,000
Fund Transfers	-10,388,937	-16,468,000	-9,137,300	-8,810,500	-8,564,800
Total Restricted Funds	688,675,324	566,728,919	1,537,607,800	391,509,500	235,716,200
Federal Funds					
Balance Forward	553,349		33,000		
Current Receipts	709,619,087	709,627,982	617,385,300	726,762,100	729,132,800
Non-Revenue Receipts	14,755,093	-3,932,379	2,500		
ARRA Receipts	68,072,747	13,134,327			
Total Federal Funds	793,000,277	718,829,931	617,420,800	726,762,100	729,132,800
Road Fund					
Regular Appropriation	1,264,604,500	1,449,128,700	1,461,496,100	1,478,312,300	1,443,678,300
Surplus Expenditure Plan	67,517,612	50,311,839	17,718,000		
Continuing Approp.-Road Fund	435,549,345	594,914,617			
Other	40,651,249	-3,267,719	-397,700		
Total Road Fund	1,808,322,706	2,091,087,437	1,478,816,400	1,478,312,300	1,443,678,300
TOTAL SOURCE OF FUNDS	3,295,396,683	3,382,464,102	3,639,822,600	2,602,812,100	2,414,755,500
EXPENDITURES BY CLASS					
Personnel Cost	400,322,850	418,634,177	449,991,700	469,041,600	476,134,400
Operating Expenses	292,386,338	279,920,201	289,681,400	290,938,400	292,665,200
Grants Loans Benefits	255,150,503	275,900,908	294,384,200	266,556,600	263,535,200
Debt Service	159,253,941	193,525,934	209,436,300	232,217,200	272,100,700
Capital Outlay	8,543,734	15,230,181	1,620,100	1,645,100	1,587,100
Construction	1,155,887,173	1,311,883,700	2,342,378,300	1,318,607,800	1,096,062,300
TOTAL EXPENDITURES	2,271,544,540	2,495,095,100	3,587,492,000	2,579,006,700	2,402,084,900
EXPENDITURES BY FUND SOURCE					
General Fund	5,100,860	5,477,264	5,977,600	6,228,200	6,228,200
Restricted Funds	295,508,631	401,610,785	1,511,222,500	371,179,900	226,521,400
Federal Funds	793,000,276	718,796,953	617,420,800	726,762,100	729,132,800
Road Fund	1,177,934,771	1,369,210,098	1,452,871,100	1,474,836,500	1,440,202,500
TOTAL EXPENDITURES	2,271,544,540	2,495,095,100	3,587,492,000	2,579,006,700	2,402,084,900
EXPENDITURES BY UNIT					
General Administration and Support	65,730,558	64,354,464	70,229,500	73,360,300	74,495,900
Aviation	6,820,379	6,833,010	18,611,300	13,885,700	13,917,700
Debt Service	99,772,110	135,497,402	142,216,300	150,559,500	166,911,900
Highways	1,699,314,311	1,816,243,170	2,858,936,000	1,869,195,800	1,679,100,900
Public Transportation	28,926,397	33,499,007	49,538,800	31,553,800	31,891,000
Revenue Sharing	335,953,688	394,284,376	406,604,500	396,861,000	390,753,800
Vehicle Regulation	32,441,947	37,059,500	41,355,600	43,590,600	45,013,700
TOTAL EXPENDITURES	2,268,959,390	2,487,770,928	3,587,492,000	2,579,006,700	2,402,084,900

The Transportation Cabinet is responsible for maintaining and improving transportation services in the Commonwealth. All modes of transportation are addressed by the Cabinet, including air transportation, railroads, waterways, public transit, and highways. The Secretary of Transportation, who is appointed by the Governor, heads the organization. The duties and responsibilities of the Cabinet are found in Titles XV and XVI of the Kentucky Revised Statutes.

The Cabinet receives funding from the state Road Fund, proceeds from highway bonds issued by the Kentucky Turnpike Authority, and federal aid apportionments for highways. Other revenue sources include agency receipts, non-highway federal aid, the state General Fund, and a federal fund leveraging mechanism titled Grant Anticipation Revenue Vehicle (GARVEE) bonds. The revenue components of the Road Fund are the motor fuels tax, motor vehicle usage tax, license and privilege taxes, interest income, and miscellaneous departmental fees, permits, and sales.

Seven major budget units comprise the Transportation Cabinet: General Administration and Support, Aviation, Public Transportation, Revenue Sharing, Highways, Vehicle Regulation, and Debt Service.

Organizationally, the agency is divided into four departments: Aviation, Vehicle Regulation, Rural and Municipal Aid, and Highways. Each department is headed by a commissioner directly responsible to the Secretary. Other organizational units include the Office of Support Services, the Office of Transportation Delivery, the Office of Audits, the Office of Human Resource Management, the Office of Information Technology, the Office of Legal Services, the Office of Public Affairs, the Office of Budget and Fiscal Management, the Office for Civil Rights and Small Business Development, and the Office of Inspector General. These units report to the Office of the Secretary. The following offices report to the State Highway Engineer in the Department of Highways: the Office of Project Development, the Office of Project Delivery and Preservation, the Office of Highway Safety, and Highway District Offices One through Twelve. The Office of Local Programs and the Office of Rural and Secondary Roads report to the Commissioner of Rural and Municipal Aid.

The Transportation Cabinet has its origin as an agency of the Commonwealth of Kentucky in 1912 when the General Assembly established the Department of Highways. Legislation in 1974 created the Department of Transportation by consolidating the Departments of Highways, Motor Transportation, and Aeronautics, plus certain transportation-related functions of the Department of Public Safety and the Department of Revenue. The 1982 General Assembly established the Transportation Cabinet as the successor to the Department of Transportation, and it assumed all of the duties formerly associated with the Department.

Policy

The 2009 General Assembly amended KRS Chapter 48 to require the General Assembly to pass a separate bill for the Transportation Cabinet budget. In addition, the General Assembly is required to pass the Biennial Highway Construction Plan as a separate bill and the last four years of the six-year road plan as a joint resolution. House Bill 236 is the Transportation Cabinet budget bill, and House Bill 237 is the Biennial Highway Construction Plan for the 2014-2016 fiscal biennium. The last four years of the 2014-2020 six-year road plan were included in House Joint Resolution 62.



COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

APR 11 REC'D 2014
4:14pm
J. BURGIN

JEAN BURGIN
700 CAPITOL AVENUE
SUITE 100
FRANKFORT, KY 40601
(502) 564-2611
FAX: (502) 564-2517

STEVEN L. BESHEAR
GOVERNOR

VETO MESSAGE FROM THE
GOVERNOR OF THE COMMONWEALTH OF KENTUCKY
REGARDING HOUSE BILL 235 OF THE
2014 REGULAR SESSION

RECEIVED AND FILED
DATE April 28, 2014
10:53am
ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY L. Adler

1. Funds Recovered Through Litigation – Attorney General

I, Steven L. 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 17, line 25, after “may”, delete “only”.
- Page 17, line 26, after “restitution.”, delete the rest of the line.
- Page 17, line 27, in its entirety.
- Page 18, line 1, in its entirety.

I am vetoing this part because it would limit the ability of Kentucky’s Attorney General to participate in multi-state settlement litigation and agreements. It also violates the separation of powers outlined in the Kentucky Constitution. The Attorney General historically participates with other States in multi-state litigation, that when settled, includes requirements by the Court to direct the use of the settlement proceeds in particular ways. One recent example is the Ocwen Financial Corporation settlement. The Attorney General settled with Ocwen Financial Corporation of Atlanta Georgia, as part of a \$2.1 billion joint state-federal settlement with 48 additional states, the District of Columbia, and the Consumer Financial Protection Bureau (CFPB). The settlement terms address servicing misconduct by Ocwen that resulted in premature and unauthorized foreclosures, violations of homeowners’ rights and protections, and the use of false and deceptive documents and affidavits, including “robo-signing.” The settlement was the result of a massive joint state-federal civil law enforcement investigation. Through a court order, the settlement holds Ocwen accountable for past mortgage servicing and foreclosure abuses, provides relief to homeowners, and protects consumers by preventing future fraud and abuse. As a result of the settlement, Ocwen will provide troubled Kentucky borrowers with an estimated \$7.8 million in first lien principal reductions, and 1,499 loans will be eligible to receive a cash payment. The requirements in HB235 would have prevented Kentucky’s participation. This provision, in effect, would deter the Kentucky Attorney General from participating in such litigation which would be detrimental to the interests of the taxpayers of the Commonwealth.



2. Unexpended Funds

I, Steven L. 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 35, line 7, after “KRS 157.430.”, delete the rest of the line.

Page 35, lines 8 through 9, in their entirety.

I am vetoing this part because the General Assembly has already placed various obligations on unexpended General Fund appropriations in this budget. It has done this by appropriating mandated spending without providing its specific financing in the biennial budget bill. These required expenditures are generally known as necessary government expenses. These necessary government expenditures have ranged from \$30 to \$50 million each of the last five years. Among the important services they fund are: forest fire suppression, matching funds for federal FEMA disaster grants, legal representation of minors with no guardian, county courthouse security provided by Sheriffs, security and assistance provided by the Kentucky National Guard during emergencies, natural disasters and major events, the incarceration of convicted felons when the population is greater than budgeted, and court judgments against the Commonwealth. Because the monies for these functions are not specifically provided by the General Assembly, they can only come from three sources: (1) unexpended appropriations, (2) revenues in excess of the official estimate, and (3) the Budget Reserve Trust Fund. This provision would diminish one of the potential sources to pay for these necessary government expenses that the General Assembly has already authorized.

3. Department of Education – Learning and Results Services Programs

I, Steven L. 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 45, line 24, after “biennium”, delete the rest of the line.

Page 45, line 25, delete “administrative purposes”.

I am vetoing this part because this provision is in conflict with the program amounts listed in this section of the bill. The necessary administrative costs are embedded in many of the amounts listed. These programs cannot be implemented without the requisite administrative costs of executing them.

4. Evaluation of Indigent Care

I, Steven L. 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 74, line 8, delete “and the University of Louisville”, and after “shall”, delete “collaborate to”.

Page 74, line 10, after “Services”, delete the rest of the line.

Page 74, line 11, delete “University of Louisville”.

Page 102, line 2, delete “and the University of Louisville”, and after “shall”, delete “collaborate to”.

Page 102, line 4, after “Services”, delete the rest of the line.

Page 102, line 5, delete “University of Louisville”.

I am vetoing these parts because they mandate that the University of Louisville conduct a study of its affiliate rather than insuring that the study is conducted by an unrelated, objective, third-party entity. The Cabinet for Health and Family Services will conduct the study and will consider information and data supplied by the University of Louisville.

5. Use of Identified Savings

I, Steven L. 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 87, lines 25 through 26, in their entirety.

I am vetoing this part because the first required use of any such savings must be to finance any unbudgeted costs of the prison or probation and parole population. By statute, any unexpended General Fund appropriations lapse to the surplus account of the General Fund. Elsewhere in the biennial budget bill, the General Fund Surplus Plan allocates all of the undesignated General Fund balance to either the Budget Reserve Trust Fund or to finance appropriated but unbudgeted necessary government expense appropriations.

6. Health Care Cost Savings

I, Steven L. 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 92, line 8, after “projects”, delete the rest of the line.

Page 92, lines 9 through 15, in their entirety.

Page 92, line 18, after “support”, delete “two”.

Page 92, line 21, after “capture”, delete “an”, and after “savings”, delete the rest of the line.

Page 92, line 22, delete “ten percent”, and after “and”, delete “an”.

Page 92, line 23, delete “of up to five percent”, and after “Program”, delete the rest of the line.

Page 92, lines 24 through 27, in their entirety.

Page 93, lines 1 through 10, in their entirety.

Page 93, line 13, after “Services”, delete the rest of the line.

Page 93, lines 14 through 16, in their entirety.

Page 93, line 17, delete “scale.”.

Page 93, line 18, after “process”, delete the rest of the line.

Page 93, line 19, after “and”, delete the rest of the line.

Page 93, line 20, delete “percent”, and after “Program.”, delete the rest of the line.

Page 93, lines 21 through 22, in their entirety.

I am vetoing this part because several elements of this provision are overly restrictive to achieving its intended outcome, or are too prescriptive. I have retained the parts that pursue health care cost savings through demonstration projects in the Commonwealth’s Medicaid and Kentucky Employees’ Health Plan

programs. This Administration continues to be interested in saving taxpayer dollars in the area of health care and to seek opportunities in achieving them through innovative approaches.

7. Limitations on Budget Reductions of Individual Programs

I, Steven L. 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 96, line 2, after “Seminars.”, delete the rest of the line.

Page 96, lines 3 through 4 in their entirety.

Page 96, line 6, after “Program.”, delete the rest of the line.

Page 96, lines 7 through 9, in their entirety.

Page 100, line 9, after “budget.”, delete the rest of the line.

Page 100, line 10, in its entirety.

Page 101, line 6, after “budget.”, delete the rest of the line.

Page 101, line 7, in its entirety.

Page 236, lines 2 through 6, in their entirety.

I am vetoing these parts because they each single out specific items for exemption from any future budget reductions due to revenue shortfalls. The treatment of funding for hundreds of programs in the budget warrant that they all remain under consideration should revenue shortfalls occur.

8. Kentucky Community and Technical College System – Revenues for Agency Bond Projects

I, Steven L. 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 104, line 23, after “fee”, delete “, on a college-by-college basis,”.

Page 105, lines 1 through 4, in their entirety.

Page 105, line 5, after “fee,”, delete the rest of the line.

Page 105, line 6, delete “established and implemented pursuant to such recommendation,”.

Page 105, line 7, after “projects”, delete “for the college recommending the fee”.

I am vetoing this part because it would preclude nine of the sixteen enacted capital projects from being completed at the authorized scope based on the most current estimate from the Kentucky Community and Technical College System (KCTCS). The nine projects represent \$102,750,000 of the \$145,500,000 in authorized agency bonds. The KCTCS is a system of postsecondary education institutions and is intended to be managed as a system, both financially and from a governance perspective. To achieve the lowest financing costs and enable the projects to be built, the financing plan for the approved projects must rely on a pledge of total revenues of the entire system of institutions. This is consistent with the method of approval and financing for agency fund bond projects on the campuses of the four-year postsecondary institutions. The General Assembly devoted significant effort in choosing which worthy capital projects are to be funded with debt and the ratio of the authorized debt service to the state’s revenues. By imposing this condition, the General Assembly then repudiated a substantial portion of that reasoned

decision process. Other Kentucky public postsecondary education institutions impose similar facility-related fees on their students at satellite campuses which are used for facilities on the main campus. Furthermore, since the establishment of the Commonwealth's community college system in 1962, the statutory role of the individual college boards of directors is primarily to recommend and advise the governing board of Kentucky's two-year college system: the University of Kentucky Board of Trustees then, and now the Kentucky Community and Technical College System Board of Regents. This provision, in a temporary budget bill, permits the college boards of directors to make a binding decision affecting the entire system, thereby usurping the statutory responsibilities of the governing body of KCTCS.

9. Carry Forward and Undesignated General Fund

I, Steven L. 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 233, lines 14 through 20 in their entirety.

Page 233, line 22, after "purposes", delete the rest of the line.

Page 233, line 23, delete "48.705)".

I am vetoing this part because the total amount of General Fund receipts is not known on June 30, 2016. This provision directs the Secretary of the Finance and Administration Cabinet to speculate on the total amount of General Fund receipts two weeks prior to the determination of the total actual receipts, and then to premise significant fiscal decisions and actions upon that speculation.

10. General Fund Revenues in Excess of Enacted Estimate

I, Steven L. 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 234, line 27, in its entirety.

Page 235, lines 1 through 7, in their entirety.

I am vetoing this part because the General Assembly has already obligated much of any excess General Fund revenues. By statute, General Fund revenues in excess of estimates are deposited into the surplus account of the General Fund. Elsewhere in the biennial budget bill, the General Fund Surplus Expenditure Plan allocates all of the undesignated General Fund balance to finance appropriated but unbudgeted necessary government expenses appropriations, then to the Budget Reserve Trust Fund. The General Assembly appropriated mandated spending without providing its specific financing in the biennial budget bill. This required spending is generally known as necessary government expenses. These necessary government expenditures have ranged from \$30 to \$50 million each of the last five years. Among the important things they provide: forest fire suppression, matching funds for federal FEMA disaster grants, legal representation of minors with no guardian, county courthouse security provided by Sheriffs, security and assistance provided by the Kentucky National Guard, the incarceration of convicted felons when the population is greater than budgeted, and court judgments against the Commonwealth. Because the monies for these functions are not specifically provided by the General Assembly, they can

only come from three sources: (1) unexpended appropriations, (2) revenues in excess of the official estimate, and (3) the Budget Reserve Trust Fund. The first step in implementing the General Fund Surplus Expenditure Plan enacted within this same budget bill is to set aside sufficient funding for necessary government expenses, then the remainder is deposited into the Budget Reserve Trust Fund. This provision is in conflict with the implementation of that enacted General Fund Surplus Expenditure Plan.

11. Executive Branch Budget Recommendation Limitation

I, Steven L. 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 235, lines 8 through 15, in their entirety.

I am vetoing this part because it limits the Executive budget recommendation for the next biennial budget.

12. General Fund Budget Reduction Plan

I, Steven L. 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 248, line 27, in its entirety.

Page 249, lines 1 through 2, in their entirety.

Page 249, lines 7 through 11, in their entirety.

I am vetoing these parts because the Executive branch needs the maximum flexibility to contend with revenue shortfalls should they occur.

This the 11th day of April, 2014



Steven L. Beshear, Governor



GENERAL ASSEMBLY COMMONWEALTH OF KENTUCKY

2014 REGULAR SESSION

HOUSE BILL NO. 235

AS ENACTED AND VETOED IN PART

INFORMATIONAL COPY

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

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

6 →Section 1. The State/Executive Branch Budget is as follows:

7 **PART I**

8 **OPERATING BUDGET**

9 **(1) Funds Appropriations:** There is appropriated out of the General Fund, Road
 10 Fund, Restricted Funds accounts, Federal Funds accounts, or Bond Funds accounts for the
 11 fiscal year beginning July 1, 2013, and ending June 30, 2014, for the fiscal year beginning
 12 July 1, 2014, and ending June 30, 2015, and for the fiscal year beginning July 1, 2015,
 13 and ending June 30, 2016, the following discrete sums, or so much thereof as may be
 14 necessary. Appropriated funds are included pursuant to KRS 48.700 and 48.710. Each
 15 appropriation is made by source of respective fund or funds accounts. Appropriations for
 16 the following officers, cabinets, departments, boards, commissions, institutions,
 17 subdivisions, agencies, and budget units of the state government, and any and all other
 18 activities of the government of the Commonwealth, are subject to the provisions of
 19 Chapters 12, 42, 45, and 48 of the Kentucky Revised Statutes and compliance with the
 20 conditions and procedures set forth in this Act.

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

25 **A. GENERAL GOVERNMENT**

26 **Budget Units**

27 **1. OFFICE OF THE GOVERNOR**

	2013-14	2014-15	2015-16
1			
2	General Fund (Tobacco)	-0-	1,912,500
3	General Fund	-0-	5,527,600
4	Restricted Funds	-0-	111,100
5	Federal Funds	150,000	1,350,800
6	TOTAL	150,000	8,902,000

7 **(1) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)
 8 appropriation is \$1,912,500 in each fiscal year for the Early Childhood Advisory Council.

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

	2014-15	2015-16
10		
11	General Fund	3,133,400
12	Restricted Funds	139,600
13	TOTAL	3,273,000

14 **3. STATE PLANNING FUND**

	2014-15	2015-16
15		
16	General Fund	150,800

17 **4. HOMELAND SECURITY**

	2014-15	2015-16
18		
19	General Fund	233,000
20	Restricted Funds	2,040,700
21	Federal Funds	4,857,600
22	Road Fund	260,100
23	TOTAL	7,391,400

24 **(1) Enhanced 911 Emergency Services:** Included in the above Restricted Funds
 25 appropriation is \$600,000 in fiscal year 2014-2015 and \$1,000,000 in fiscal year 2015-
 26 2016 for enhanced 911 emergency services.

27 **5. DEPARTMENT OF VETERANS' AFFAIRS**

		2014-15	2015-16
1			
2	General Fund	17,798,500	17,984,100
3	Restricted Funds	40,914,000	50,544,900
4	TOTAL	58,712,500	68,529,000

5 **(1) Weekend and Holiday Premium Pay Incentive:** The Kentucky Veterans'
6 Centers are authorized to continue the weekend and holiday premium pay incentive for
7 the 2014-2016 fiscal biennium.

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

13 **(3) Debt Service:** Included in the above General Fund appropriation is \$84,500 in
14 fiscal year 2014-2015 and \$169,000 in fiscal year 2015-2016 for new debt service to
15 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

16 **(4) Brain Injury Alliance of Kentucky and the Epilepsy Foundation of**
17 **Kentuckiana Funding:** Included in the above General Fund appropriation is \$100,000
18 in each fiscal year for grants to the Brain Injury Alliance of Kentucky and \$100,000 in
19 each fiscal year for grants to the Epilepsy Foundation of Kentuckiana to be used solely for
20 the purpose of working with veterans who have experienced brain trauma and their
21 families.

22 **(5) Veterans' Service Organization Funding:** Included in the above General
23 Fund appropriation is \$200,000 in each fiscal year for grants to Veterans' Service
24 Organization programs.

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

		2014-15	2015-16
26			
27	General Fund (Tobacco)	31,101,600	12,221,200

1	Restricted Funds	843,800	553,500
2	TOTAL	31,945,400	12,774,700

3 **(1) Kentucky Agricultural Finance Corporation:** Notwithstanding KRS
 4 247.978(2), the total amount of principal which a qualified applicant may owe the
 5 Kentucky Agricultural Finance Corporation at any one time shall not exceed \$5,000,000.

6 **(2) Tobacco Settlement Funds - Allocations:** Notwithstanding KRS 248.711(2),
 7 and from the allocation provided therein, counties that are allocated in excess of \$20,000
 8 annually may provide up to four percent of the individual county allocation, not to exceed
 9 \$15,000 annually, to the county council in that county for administrative costs.

10 **(3) Agricultural Development Appropriations:** Notwithstanding KRS
 11 248.703(1), included in the above General Fund (Tobacco) appropriation is \$19,350,000
 12 in fiscal year 2014-2015 and \$9,850,000 in fiscal year 2015-2016 for the counties account
 13 as specified in KRS 248.703(1)(a).

14 **(4) Appropriation of Unexpended Tobacco Debt Service:** Any unexpended
 15 balance from the fiscal year 2014-2015 or the fiscal year 2015-2016 General Fund
 16 (Tobacco) debt service appropriation in the Finance and Administration Cabinet, Debt
 17 Service budget unit, shall continue and be appropriated to the Governor's Office for
 18 Agricultural Policy.

19 **7. KENTUCKY INFRASTRUCTURE AUTHORITY**

		2014-15	2015-16
20			
21	General Fund	1,337,300	1,563,800
22	Restricted Funds	37,381,000	42,405,500
23	Federal Funds	29,369,000	29,381,900
24	TOTAL	68,087,300	73,351,200

25 **(1) Debt Service:** Included in the above General Fund appropriation is \$226,500
 26 in fiscal year 2015-2016 for new debt service to support new bonds as set forth in Part II,
 27 Capital Projects Budget, of this Act.

1 **(2) Local Government Economic Development Funds:** Included in the above
 2 General Fund appropriation is \$370,000 in each fiscal year of the biennium from the
 3 Local Government Economic Development Fund to support services provided to coal-
 4 producing counties.

5 **8. MILITARY AFFAIRS**

	2014-15	2015-16
6 General Fund	9,347,000	9,330,700
7 Restricted Funds	44,743,800	45,234,900
8 Federal Funds	43,154,800	43,232,200
9 TOTAL	97,245,600	97,797,800

10 **(1) Kentucky National Guard:** There is appropriated from the General Fund the
 11 necessary funds to be expended, subject to the conditions and procedures provided in this
 12 Act, which are required as a result of the Governor's declaration of emergency pursuant to
 13 KRS Chapter 39A, and the Governor's call of the Kentucky National Guard to active duty
 14 when an emergency or exigent situation has been declared to exist by the Governor.
 15 These necessary funds shall be made available from the General Fund Surplus Account
 16 (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).
 17

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

24 **(3) Debt Service:** Included in the above General Fund appropriation is \$43,500 in
 25 fiscal year 2014-2015 and \$130,500 in fiscal year 2015-2016 for new debt service to
 26 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

27 **(4) Residential Youth at Risk Program:** Included in the above Restricted Funds

1 appropriation is \$400,000 in each fiscal year to support the Bluegrass Challenge Academy
 2 and \$400,000 in each fiscal year to support the Appalachian Youth Challenge Academy.

3 **(5) National Guard Memorial:** Included in the above General Fund
 4 appropriation is \$300,000 in fiscal year 2014-2015 for a grant to the National Guard
 5 Foundation of Kentucky to support the National Guard Memorial.

6 **9. COMMISSION ON HUMAN RIGHTS**

	2013-14	2014-15	2015-16
7 General Fund	-0-	1,703,200	1,738,800
8 Federal Funds	83,400	245,000	245,000
9 TOTAL	83,400	1,948,200	1,983,800

10 **10. COMMISSION ON WOMEN**

	2014-15	2015-16
11 General Fund	226,400	232,000

12 **11. DEPARTMENT FOR LOCAL GOVERNMENT**

	2014-15	2015-16
13 General Fund	8,467,800	8,487,600
14 Restricted Funds	1,299,900	1,299,900
15 Federal Funds	41,131,100	41,051,600
16 TOTAL	50,898,800	50,839,100

17 **(1) Support of the 12 Multi-County Regional Industrial Park Authorities:**
 18 Included in the above Restricted Funds appropriation is \$200,000 in each fiscal year in
 19 support of the 12 multi-county regional industrial park authorities. Funds shall be
 20 distributed equally to the 12 multi-county regional industrial park authorities for
 21 marketing and maintenance of the industrial parks and the procurement of property and
 22 casualty insurance on the parks.
 23

24 **(2) Area Development District Funding:** Included in the above General Fund
 25 appropriation is \$2,325,600 in each fiscal year for the Joint Funding Administration
 26
 27

1 Program in support of the Area Development Districts.

2 **(3) Mary Kendall Homes and Gateway Juvenile Diversion:** Included in the
 3 above General Fund appropriation is \$275,000 in each fiscal year for the support of the
 4 Mary Kendall Homes and \$275,000 in each fiscal year for the support of Gateway
 5 Juvenile Diversion.

6 **(4) Food Pantry:** Included in the above General Fund appropriation is \$50,000 in
 7 fiscal year 2014-2015 for a grant to the Woodford County Fiscal Court to support a food
 8 pantry.

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

	2014-15	2015-16
10 General Fund	50,207,700	48,690,000

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

	2014-15	2015-16
13 General Fund	28,945,400	28,426,200

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

19 **(2) Osteopathic Medicine Scholarship Program:** The transfer of moneys from
 20 the General Fund to the Local Government Economic Development Fund shall be made
 21 after the transfer to the Osteopathic Medicine Scholarship Program has been made
 22 pursuant to KRS 164.7891(11) and (12) in the amount of \$872,500 in each fiscal year
 23 within the Kentucky Higher Education Assistance Authority.

24 **(3) Pharmacy Scholarships:** The transfer of moneys from the General Fund to
 25 the Local Government Economic Development Fund shall be made after the transfer to
 26 the Coal County Pharmacy Scholarship Program has been made pursuant to KRS
 27 164.7890(11) in the amount of \$800,000 in each fiscal year within the Kentucky Higher

1 Education Assistance Authority.

2 **(4) Trover Clinic Grant:** Notwithstanding KRS 42.4582 and 42.4585, the
3 quarterly calculation and transfer of the funds shall be made only after each quarterly
4 installment of the annual appropriation of \$1,000,000 in each fiscal year has been credited
5 to the Trover Clinic Grant within the Department for Local Government.

6 **(5) School Facilities Construction Commission - 2002-2004:** Notwithstanding
7 KRS 42.4592, the quarterly calculation of the allocation of moneys to coal-producing
8 counties through the Local Government Economic Development Fund shall be made only
9 after each quarterly installment of the annual appropriation of \$4,617,900 in each fiscal
10 year is appropriated as General Fund moneys to the School Facilities Construction
11 Commission budget unit to provide debt service to support previously authorized bonds
12 authorized in 2003 Ky. Acts ch. 156.

13 **(6) Water and Sewer Resources Development Fund for Coal-Producing**
14 **Counties - 2002-2004:** Notwithstanding KRS 42.4592, the quarterly calculation of the
15 allocation of moneys to coal-producing counties through the Local Government
16 Economic Development Fund shall be made only after each quarterly installment of the
17 annual appropriation of \$4,091,400 in each fiscal year is appropriated as General Fund
18 moneys to the Finance and Administration Cabinet, Debt Service budget unit, to provide
19 debt service to support previously authorized bonds for the Water and Sewer Resources
20 Development Fund for Coal-Producing Counties authorized in 2003 Ky. Acts ch. 156.

21 **(7) KIA Infrastructure for Economic Development Fund for Coal-Producing**
22 **Counties - 2004-2006:** Notwithstanding KRS 42.4592, the quarterly calculation of the
23 allocation of moneys to coal-producing counties through the Local Government
24 Economic Development Fund shall be made only after each quarterly installment of the
25 annual appropriation of \$6,472,700 in each fiscal year is appropriated as General Fund
26 moneys to the Finance and Administration Cabinet, Debt Service budget unit, to provide
27 debt service to support a portion of the previously authorized bonds for the KIA

1 Infrastructure for Economic Development Fund for Coal-Producing Counties authorized
2 in 2005 Ky. Acts ch. 173.

3 **(8) Infrastructure for Economic Development Fund for Coal-Producing**
4 **Counties - 2006-2008:** Notwithstanding KRS 42.4592, the quarterly calculation of the
5 allocation of moneys to coal-producing counties through the Local Government
6 Economic Development Fund shall be made only after each quarterly installment of the
7 annual appropriation of \$8,562,300 in each fiscal year is appropriated as General Fund
8 moneys to the Finance and Administration Cabinet, Debt Service budget unit, to provide
9 debt service to support previously authorized bonds for the Infrastructure for Economic
10 Development Fund for Coal-Producing Counties authorized in 2006 Ky. Acts ch. 252.

11 **(9) Infrastructure for Economic Development Fund for Coal-Producing**
12 **Counties - 2008-2010:** Notwithstanding KRS 42.4592, the quarterly calculation of the
13 allocation of moneys to coal-producing counties through the Local Government
14 Economic Development Fund shall be made only after each quarterly installment of the
15 annual appropriation of \$7,538,000 in each fiscal year is appropriated as General Fund
16 moneys to the Finance and Administration Cabinet, Debt Service budget unit, to provide
17 debt service to support previously authorized bonds for the Infrastructure for Economic
18 Development Fund for Coal-Producing Counties authorized in 2008 Ky. Acts ch. 127.

19 **(10) Read to Achieve:** Notwithstanding KRS 42.4592, the quarterly calculation of
20 the allocation of moneys to coal-producing counties through the Local Government
21 Economic Development Fund shall be made only after each quarterly installment of the
22 annual appropriation of \$2,100,000 in each fiscal year is appropriated as General Fund
23 moneys to the Learning and Results Services budget unit for the Read to Achieve
24 Program within the Department of Education.

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

1 installment of the annual appropriation of \$1,000,000 in each fiscal year is appropriated
 2 as General Fund moneys to the University of Kentucky budget unit for the Robinson
 3 Scholars Program.

4 **(12) Kentucky Infrastructure Authority:** Notwithstanding KRS 42.4592, the
 5 quarterly calculation of the allocation of moneys to coal-producing counties through the
 6 Local Government Economic Development Fund shall be made only after each quarterly
 7 installment of the annual appropriation of \$370,000 in each fiscal year is appropriated as
 8 General Fund moneys to the Kentucky Infrastructure Authority budget unit.

9 **(13) Department for Local Government:** Notwithstanding KRS 42.4592, the
 10 quarterly calculation of the allocation of moneys to coal-producing counties through the
 11 Local Government Economic Development Fund shall be made only after each quarterly
 12 installment of the annual appropriation of \$669,700 in each fiscal year is appropriated as
 13 General Fund moneys to the Department for Local Government budget unit.

14 **(14) Mining Engineering Scholarship Program:** Notwithstanding KRS 42.4592,
 15 the quarterly calculation of the allocation of moneys to coal-producing counties through
 16 the Local Government Economic Development Fund shall be made only after each
 17 quarterly installment of the annual appropriation of \$300,000 in each fiscal year is
 18 appropriated as General Fund moneys to the University of Kentucky budget unit for the
 19 Mining Engineering Scholarship Program.

20 **(15) School Technology in Coal Counties:** Notwithstanding KRS 42.4592, the
 21 quarterly calculation of the allocation of moneys to coal-producing counties through the
 22 Local Government Economic Development Fund shall be made only after each quarterly
 23 installment of the annual appropriation of \$1,750,000 in each fiscal year is appropriated
 24 as General Fund moneys to the Operations and Support Services budget unit within the
 25 Department of Education for the purpose of enhancing education technology in local
 26 school districts within coal-producing counties.

27 **(16) Mine Safety:** Notwithstanding KRS 42.4592, the quarterly calculation of the

1 allocation of moneys to coal-producing counties through the Local Government
2 Economic Development Fund shall be made only after each quarterly installment of the
3 annual appropriation of \$3,219,800 in each fiscal year is appropriated as General Fund
4 moneys to the Office of Mine Safety and Licensing, Natural Resources budget unit.
5 Notwithstanding KRS 351.140, the number of mandatory mine safety inspections to be
6 carried out by the Office of Mine Safety and Licensing shall be equal to the number of
7 mine safety inspections required annually by the Mine Safety and Health Administration.

8 **(17) Save the Children:** Notwithstanding KRS 42.4592, the quarterly calculation
9 of the allocation of moneys to coal-producing counties through the Local Government
10 Economic Development Fund shall be made only after each quarterly installment of the
11 annual appropriation of \$500,000 in each fiscal year is appropriated as General Fund
12 moneys to the Department of Education budget unit for the Save the Children Program.

13 **(18) Regional Strategic Development Fund:** Notwithstanding KRS 42.4592,
14 funds totaling \$2,000,000 in each fiscal year shall be provided for the Regional Strategic
15 Development Fund from the portion of the Single County Fund allocated to counties in
16 Eastern Kentucky.

17 **(19) Operation Unite:** Notwithstanding KRS 42.4588, funds totaling \$2,000,000
18 in each fiscal year shall be transferred from the Local Government Economic
19 Development Fund, Multi-County Fund, to the Office of Drug Control Policy, Justice
20 Administration budget unit, for Operation Unite in relation to the Federal Task Force on
21 Drug Abuse.

22 **(20) Energy Research and Development Fund:** (a) Notwithstanding KRS
23 42.4588, \$1,584,500 in fiscal year 2014-2015 and \$1,423,800 in fiscal year 2015-2016
24 year shall be transferred from the Local Government Economic Development Fund,
25 Multi-County Fund, to the Energy Development and Independence budget unit. These
26 funds shall be used, except as specified in paragraph (b) of this subsection, for research
27 and commercialization projects, including clean coal, new combustion technology, thin-

1 seam coal extraction safety, tracking and communication devices, coal slurry disposal,
 2 synthetic natural gas produced from coal through gasification processes, and the
 3 development of alternative transportation fuels produced by processes that convert coal or
 4 biomass resources or extract oil from oil shale, and other coal research and shall be
 5 targeted solely to Kentucky's Local Government Economic Development Fund-eligible
 6 counties. The Department for Energy Development and Independence shall coordinate its
 7 efforts with those of Kentucky's universities and related Kentucky Community and
 8 Technical College System programs in order to maximize Kentucky's opportunities for
 9 federal funding and receive research grants and awards from federal and other sources of
 10 funding for the development of clean coal technology, coal-to-liquid-fuel conversion,
 11 alternate transportation fuels, and biomass energy resources.

12 (b) Included in the Restricted Funds appropriation in paragraph (a) of this
 13 subsection is \$1,000,000 in each fiscal year which shall not be expended unless matched
 14 with federal or private funds for the purpose of supporting research and development
 15 activities at the University of Kentucky Center for Applied Energy Research.

16 **(21) Support of the 12 Multi-County Regional Industrial Park Authorities:**
 17 Notwithstanding KRS 42.4588, funds totaling \$200,000 in each fiscal year shall be
 18 transferred from the Local Government Economic Development Fund, Multi-County
 19 Fund, to the Department for Local Government budget unit to be distributed equally to
 20 the 12 multi-county regional industrial park authorities located in coal counties to be used
 21 for marketing and maintenance of the industrial parks and for procurement of property
 22 and casualty insurance on the parks.

23 **(22) Shaping Our Appalachian Region (SOAR) Administrative Costs:**
 24 Notwithstanding KRS 42.4588, funds totaling \$200,000 in each fiscal year shall be
 25 transferred from the Local Government Economic Development Fund, Multi-County
 26 Fund, to the Department for Local Government budget unit for administrative expenses
 27 relating to the Shaping Our Appalachian Region initiative.

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

5 **(24) Coal County College Completion Scholarship Program:** Notwithstanding
 6 KRS 42.4588, \$2,000,000 in each fiscal year shall be transferred from the Local
 7 Government Economic Development Fund, Multi-County Fund, to the Coal County
 8 College Completion Scholarship Program within the Kentucky Higher Education
 9 Assistance Authority.

10 **(25) Parameters for County Flexibility:** (a) Notwithstanding KRS 42.4588(2),
 11 Local Government Economic Development Fund allocations, except as provided in
 12 paragraph (b) of this subsection, may be used to support nonrecurring investments in
 13 public health and safety, economic development, public infrastructure, information
 14 technology development and access, public water and wastewater development, and
 15 insurance with the concurrence of both the respective fiscal court and the Department for
 16 Local Government or the Kentucky Infrastructure Authority, as appropriate.

17 (b) Grants from funds provided for in KRS 42.4592(1)(c) shall be used only for the
 18 purposes provided for in KRS 42.4588(2).

19 **(26) Distribution of Funds:** Notwithstanding KRS 42.4592, the quarterly
 20 calculation of the allocation of moneys to the Local Government Economic Development
 21 Fund, Multi-County Fund, shall be made only after each quarterly installment of an
 22 additional \$3,856,200 in fiscal year 2014-2015 and \$3,077,200 in fiscal year 2015-2016
 23 is distributed pursuant to KRS 42.4592(a) and (b).

24 **(27) Division of Oil and Gas:** Notwithstanding KRS 42.4588, funds totaling
 25 \$25,000 in each fiscal year shall be transferred from the Local Government Economic
 26 Development Fund, Multi-County Fund, to the Division of Oil and Gas within the
 27 Department for Natural Resources for an update of the Best Practices Manual.

1 **14. AREA DEVELOPMENT FUND**

	2014-15	2015-16
3 General Fund	473,600	473,600

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

6 **(2) Area Development District Flexibility:** Notwithstanding KRS 42.350(2) and
7 provided that sufficient funds are maintained in the Joint Funding Agreement program to
8 meet the match requirements for the Economic Development Administration grants,
9 Community Development Block Grants, Appalachian Regional Commission grants, or
10 any federal program where the Joint Funding Agreement funds are utilized to meet non-
11 federal match requirements, an area development district with authorization from its
12 Board of Directors may request approval to transfer funding between the Area
13 Development Fund and the Joint Funding Agreement program from the Commissioner of
14 the Department for Local Government. Joint Funding Agreement grants from the
15 Community Economic Development Block Grant program and the Appalachian Regional
16 Commission shall be matched on an equal, dollar-for-dollar basis.

17 **15. EXECUTIVE BRANCH ETHICS COMMISSION**

	2014-15	2015-16
19 General Fund	455,000	463,200
20 Restricted Funds	76,300	77,000
21 TOTAL	531,300	540,200

22 **16. SECRETARY OF STATE**

	2014-15	2015-16
24 General Fund	1,634,500	1,662,800
25 Restricted Funds	1,717,100	1,750,100
26 Federal Funds	80,400	277,000
27 TOTAL	3,432,000	3,689,900

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

4 **17. BOARD OF ELECTIONS**

	2014-15	2015-16
6 General Fund	4,027,100	4,047,200
7 Restricted Funds	246,000	246,000
8 Federal Funds	5,211,300	5,211,200
9 TOTAL	9,484,400	9,504,400

10 **(1) Help America Vote Act of 2002:** Amounts above those appropriated that are
 11 necessary to match Federal Funds from the Help America Vote Act shall be deemed a
 12 necessary government expense and shall be paid from the General Fund Surplus Account
 13 (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

14 **(2) Cost of Elections:** Notwithstanding KRS 116.145, the State Board of
 15 Elections shall set a rate for the fee for new voter registration paid to the county clerks
 16 within the available appropriated resources. The State Board of Elections shall also set a
 17 fixed rate for the expenses outlined in KRS 117.343 within the available appropriated
 18 resources. Notwithstanding KRS 117.345(2), the State Board of Elections shall set a rate
 19 for the expenses outlined in KRS 117.345(2) for precincts with a voting machine within
 20 the available appropriated resources, not to exceed \$300 per precinct per election. These
 21 rates and all assumptions as to the number of precincts, registered voters, and new voter
 22 registrations shall be communicated to the Secretary of the Finance and Administration
 23 Cabinet and the State Budget Director by November 1, 2014, for fiscal year 2014-2015
 24 and by November 1, 2015, for fiscal year 2015-2016.

25 Costs associated with special elections, KRS 117.345(2) costs associated with
 26 additional precincts with a voting machine, KRS 117.343 costs for additional registered
 27 voters, and KRS 116.145 costs for additional new registered voters shall be deemed a

1 necessary government expense and shall be paid from the General Fund Surplus Account
 2 (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705). Any
 3 reimbursements authorized as a necessary government expense according to the above
 4 provisions shall be at the same rates as those established by the State Board of Elections
 5 as provided in the preceding paragraph.

6 **18. REGISTRY OF ELECTION FINANCE**

	2014-15	2015-16
8 General Fund	1,200,900	1,220,800

9 **19. ATTORNEY GENERAL**

	2014-15	2015-16
11 General Fund	10,438,600	10,622,700
12 Restricted Funds	16,929,200	16,945,300
13 Federal Funds	3,725,500	3,870,300
14 TOTAL	31,093,300	31,438,300

15 **(1) Expert Witnesses:** In addition to such funds as may be appropriated, the
 16 Office of the Attorney General may request from the Finance and Administration Cabinet,
 17 as a necessary government expense, such funds as may be necessary for expert witnesses.
 18 Upon justification of the request, the Finance and Administration Cabinet shall provide
 19 up to \$275,000 for the 2014-2016 fiscal biennium for this purpose to the Office of the
 20 Attorney General from the General Fund Surplus Account (KRS 48.700) or the Budget
 21 Reserve Trust Fund Account (KRS 48.705). The Department of Insurance shall provide
 22 the Office of the Attorney General any available information to assist in the preparation
 23 of a rate hearing pursuant to KRS 304.17A-095. Expenditures under this subsection shall
 24 be reported to the Interim Joint Committee on Appropriations and Revenue by August 1
 25 of each year.

26 **(2) Annual and Sick Leave Service Credit:** Notwithstanding any statutory or
 27 regulatory restrictions to the contrary, any former employee of the Unified Prosecutorial

1 System who has been appointed to a permanent full-time position under KRS Chapter
2 18A shall be credited annual and sick leave based on service credited under the Kentucky
3 Retirement Systems solely for the purpose of computation of sick and annual leave. This
4 provision shall only apply to any new appointment or current employee as of July 1,
5 1998.

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

14 **(4) Compensatory Leave Conversion to Sick Leave:** If the Office of the
15 Attorney General determines that internal budgetary pressures warrant further austerity
16 measures, the Attorney General may institute a policy to suspend payment of 50-hour
17 blocks of compensatory time for those attorneys who have accumulated 240 hours of
18 compensatory time and instead convert those hours to sick leave.

19 **(5) Operations of the Office of the Attorney General:** Notwithstanding KRS
20 367.478(2), 367.805(3), and 367.905(5), funds may be expended in support of the
21 operations of the Office of the Attorney General.

22 **(6) Funds Recovered Through Litigation:** Pursuant to KRS 48.005, funds
23 recovered by the Attorney General through litigation on behalf of the Commonwealth
24 shall be transferred to the General Fund Surplus Account (KRS 48.700). The Attorney
25 General may~~{ only }~~ retain funds for reasonable litigation costs and required consumer
26 restitution.~~{ The Attorney General shall file with the presiding officer of the court a copy~~
27 ~~of the controlling statute governing disposition of the funds and request that an Order~~

1 ~~issue in conformity with the statute.]~~

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

7 **(8) Settlement Funds:** In each fiscal year, the Attorney General shall transfer
 8 \$1,000,000 of the settlement funds resulting from the suit against Merck Sharp & Dohme
 9 Corporation and the suit against GlaxoSmithKline to the Kentucky Agency for Substance
 10 Abuse Policy.

11 **20. UNIFIED PROSECUTORIAL SYSTEM**

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

15 **a. Commonwealth's Attorneys**

	2014-15	2015-16
16 General Fund	44,536,800	45,444,800
17 Restricted Funds	1,657,900	1,714,300
18 Federal Funds	46,000	48,800
19 TOTAL	46,240,700	47,207,900

20 **b. County Attorneys**

	2014-15	2015-16
21 General Fund	38,653,400	39,640,500
22 Restricted Funds	379,000	437,200
23 Federal Funds	566,900	566,900
24 TOTAL	39,599,300	40,644,600

25 **TOTAL - UNIFIED PROSECUTORIAL SYSTEM**

1		2014-15	2015-16
2	General Fund	83,190,200	85,085,300
3	Restricted Funds	2,036,900	2,151,500
4	Federal Funds	612,900	615,700
5	TOTAL	85,840,000	87,852,500

6 **21. TREASURY**

7		2014-15	2015-16
8	General Fund	1,778,300	1,818,600
9	Restricted Funds	1,238,400	1,275,900
10	Road Fund	250,000	250,000
11	TOTAL	3,266,700	3,344,500

12 **(1) Unclaimed Property Fund:** Included in the above Restricted Funds
 13 appropriation is \$1,238,400 in fiscal year 2014-2015 and \$1,275,900 in fiscal year 2015-
 14 2016 from the Unclaimed Property Fund to provide funding for services performed by the
 15 Unclaimed Property Division of the Department of the Treasury.

16 **22. AGRICULTURE**

17		2014-15	2015-16
18	General Fund (Tobacco)	600,000	600,000
19	General Fund	16,382,600	16,690,900
20	Restricted Funds	10,024,700	10,104,700
21	Federal Funds	5,495,900	5,495,700
22	TOTAL	32,503,200	32,891,300

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

25 **(2) Purchase of Agricultural Conservation Easement (PACE) Program:** The
 26 Purchase of Agricultural Conservation Easement (PACE) board may contract directly
 27 with land surveyors, real estate appraisers, and other licensed professionals as necessary.

1 The Department of Agriculture may receive funds from local and private sources to
 2 match Federal Funds for the PACE program.

3 **(3) County Fair Grants:** Included in the above General Fund appropriation is
 4 \$500,000 in each fiscal year to support capital improvement grants to the Local
 5 Agricultural Fair Aid Program.

6 **(4) Farms to Food Banks:** Included in the above General Fund (Tobacco)
 7 appropriation is \$600,000 in each fiscal year to support the Farms to Food Banks program
 8 to benefit both Kentucky farmers and the needy by providing fresh, locally grown
 9 produce to food pantries.

10 **23. AUDITOR OF PUBLIC ACCOUNTS**

	2014-15	2015-16
11 General Fund	4,681,800	4,775,300
12 Restricted Funds	8,082,100	8,221,400
13 TOTAL	12,763,900	12,996,700

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

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

21 **(3) Compensatory Leave Conversion to Sick Leave:** If the Auditor of Public
 22 Accounts determines that internal budgetary pressures warrant further austerity measures,
 23 the State Auditor may institute a policy to suspend payment of 50-hour blocks of
 24 compensatory time for those employees who have accumulated 240 hours of
 25 compensatory time and instead convert those hours to sick leave.
 26

27 **24. PERSONNEL BOARD**

1		2014-15	2015-16
2	Restricted Funds	845,900	856,000

3 **(1) Personnel Board Operating Assessment:** Each agency of the Executive
 4 Branch with employees covered by KRS Chapter 18A shall be assessed each fiscal year
 5 the amount required for the operation of the Personnel Board. The agency assessment
 6 shall be determined by the Secretary of the Finance and Administration Cabinet based on
 7 the authorized full-time positions of each agency on July 1 of each year of the biennium.
 8 The Secretary of the Finance and Administration Cabinet shall collect the assessment.

9 **25. KENTUCKY RETIREMENT SYSTEMS**

10		2014-15	2015-16
11	Restricted Funds	40,930,800	41,306,800

12 **(1) Dependent Subsidy for Retirees - Kentucky Employee Retirement**
 13 **System:** From July 1, 2014, through June 30, 2016, in addition to the benefits conferred
 14 under KRS 61.702, the Kentucky Retirement Systems Board of Trustees shall have the
 15 authority to make the recipients of a nonhazardous monthly retirement allowance eligible
 16 for the dependent subsidy as provided under the terms established by the State Group
 17 Health Insurance Program. The dependent subsidy conferred to recipients of a
 18 nonhazardous monthly retirement allowance shall not be considered as a benefit protected
 19 by the inviolable contract provisions of KRS 16.652, 61.692, and 78.852. If the Board of
 20 Trustees makes the recipients of a nonhazardous monthly retirement allowance eligible
 21 for the dependent subsidy, the Board shall submit a report to the Interim Joint Committee
 22 on Appropriations and Revenue stating the cost of such action and providing the effect on
 23 the actuarial unfunded liability of the health trust.

24 **(2) Dependent Subsidy for Retirees - County Employees Retirement System:**
 25 From July 1, 2014, through June 30, 2016, in addition to the benefits conferred under
 26 KRS 61.702, the Kentucky Retirement Systems Board of Trustees shall have the authority
 27 to make the recipients of a nonhazardous monthly retirement allowance eligible for the

1 dependent subsidy as provided under the terms established by the State Group Health
 2 Insurance Program. The dependent subsidy conferred to recipients of a nonhazardous
 3 monthly retirement allowance shall not be considered as a benefit protected by the
 4 inviolable contract provisions of KRS 16.652, 61.692, and 78.852. If the Board of
 5 Trustees makes the recipients of a nonhazardous monthly retirement allowance eligible
 6 for the dependent subsidy, the Board shall submit a report to the Interim Joint Committee
 7 on Appropriations and Revenue stating the cost of such action and providing the effect on
 8 the actuarial unfunded liability of the health trust.

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

10 **a. Accountancy**

	2014-15	2015-16
11		
12	552,100	558,500

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

	2014-15	2015-16
14		
15	82,200	82,200

16 **c. Applied Behavior Analysis Licensing**

	2014-15	2015-16
17		
18	16,000	16,000

19 **d. Architects**

	2014-15	2015-16
20		
21	435,900	442,700

22 **e. Certification for Professional Art Therapists**

	2014-15	2015-16
23		
24	11,200	11,200

25 **f. Auctioneers**

	2014-15	2015-16
26		
27	389,000	393,400

1	g. Barbering		
2		2014-15	2015-16
3	Restricted Funds	322,000	327,100
4	h. Chiropractic Examiners		
5		2014-15	2015-16
6	Restricted Funds	317,800	323,300
7	i. Dentistry		
8		2014-15	2015-16
9	Restricted Funds	894,300	903,000
10	j. Licensed Diabetes Educators		
11		2014-15	2015-16
12	Restricted Funds	1,000	1,000
13	k. Licensure and Certification for Dietitians and Nutritionists		
14		2014-15	2015-16
15	Restricted Funds	73,900	73,900
16	l. Embalmers and Funeral Directors		
17		2014-15	2015-16
18	Restricted Funds	402,900	409,200
19	m. Licensure for Professional Engineers and Land Surveyors		
20		2014-15	2015-16
21	Restricted Funds	1,311,800	1,328,600
22	n. Certification of Fee-Based Pastoral Counselors		
23		2014-15	2015-16
24	Restricted Funds	3,600	3,600
25	o. Registration for Professional Geologists		
26		2014-15	2015-16
27	Restricted Funds	106,900	106,900

1	p. Hairdressers and Cosmetologists		
2		2014-15	2015-16
3	Restricted Funds	1,374,700	1,397,400
4	q. Specialists in Hearing Instruments		
5		2014-15	2015-16
6	Restricted Funds	81,100	81,100
7	r. Interpreters for the Deaf and Hard of Hearing		
8		2014-15	2015-16
9	Restricted Funds	38,200	38,200
10	s. Home Inspectors		
11		2014-15	2015-16
12	Restricted Funds	83,800	83,800
13	t. Examiners and Registration of Landscape Architects		
14		2014-15	2015-16
15	Restricted Funds	65,100	66,600
16	u. Licensure of Marriage and Family Therapists		
17		2014-15	2015-16
18	Restricted Funds	116,400	116,400
19	v. Licensure for Massage Therapy		
20		2014-15	2015-16
21	Restricted Funds	168,600	168,600
22	w. Medical Imaging and Radiation Therapy		
23		2014-15	2015-16
24	Restricted Funds	393,100	393,600
25	x. Medical Licensure		
26		2014-15	2015-16
27	Restricted Funds	2,940,400	2,972,500

1	y. Nursing		
2		2014-15	2015-16
3	Restricted Funds	6,201,300	6,270,400
4	z. Licensure for Nursing Home Administrators		
5		2014-15	2015-16
6	Restricted Funds	61,100	61,100
7	aa. Licensure for Occupational Therapy		
8		2014-15	2015-16
9	Restricted Funds	146,600	146,600
10	ab. Ophthalmic Dispensers		
11		2014-15	2015-16
12	Restricted Funds	55,200	55,200
13	ac. Optometric Examiners		
14		2014-15	2015-16
15	Restricted Funds	207,000	209,400
16	ad. Pharmacy		
17		2014-15	2015-16
18	Restricted Funds	1,638,800	1,661,400
19	ae. Physical Therapy		
20		2014-15	2015-16
21	Restricted Funds	469,000	499,400
22	af. Podiatry		
23		2014-15	2015-16
24	Restricted Funds	38,900	38,200
25	ag. Private Investigators		
26		2014-15	2015-16
27	Restricted Funds	101,500	101,500

1	ah. Licensed Professional Counselors		
2		2014-15	2015-16
3	Restricted Funds	184,900	184,900
4	ai. Prosthetics, Orthotics, and Pedorthics		
5		2014-15	2015-16
6	Restricted Funds	46,200	46,200
7	aj. Examiners of Psychology		
8		2014-15	2015-16
9	Restricted Funds	236,400	236,400
10	ak. Real Estate Appraisers		
11		2014-15	2015-16
12	Restricted Funds	757,000	766,300
13	al. Real Estate Commission		
14		2014-15	2015-16
15	Restricted Funds	2,105,800	2,200,900
16	am. Respiratory Care		
17		2014-15	2015-16
18	Restricted Funds	206,700	210,000
19	an. Social Work		
20		2014-15	2015-16
21	Restricted Funds	276,100	279,300
22	ao. Speech-Language Pathology and Audiology		
23		2014-15	2015-16
24	Restricted Funds	170,100	170,100
25	ap. Veterinary Examiners		
26		2014-15	2015-16
27	Restricted Funds	277,600	277,600

1 **TOTAL - OCCUPATIONAL AND PROFESSIONAL BOARDS AND**
 2 **COMMISSIONS**

	2014-15	2015-16
4 Restricted Funds	23,362,200	23,713,700

5 **27. KENTUCKY RIVER AUTHORITY**

	2014-15	2015-16
7 General Fund	251,200	255,500
8 Restricted Funds	5,460,500	3,271,800
9 TOTAL	5,711,700	3,527,300

10 **(1) Water Withdrawal Fees:** The water withdrawal fees imposed by the
 11 Kentucky River Authority shall not be subject to state and local taxes. Notwithstanding
 12 KRS 151.710(10), Tier I water withdrawal fees shall be used to support the operations of
 13 the Authority and for contractual services for water supply and quality studies.

14 **28. SCHOOL FACILITIES CONSTRUCTION COMMISSION**

	2014-15	2015-16
16 General Fund	99,634,000	108,580,000

17 **(1) Debt Service:** Included in the above General Fund appropriation is \$525,000
 18 in fiscal year 2014-2015 and \$8,239,000 in fiscal year 2015-2016 for new debt service to
 19 support bonds as set forth in Part II, Capital Projects Budget, of this Act.

20 **(2) Urgent Need School Trust Fund:** The Urgent Need School Trust Fund is
 21 established in the Finance and Administration Cabinet for the purpose of assisting school
 22 districts that have urgent and critical construction needs. The Urgent Need School Trust
 23 Fund shall be administered by the School Facilities Construction Commission. The fund
 24 may receive state appropriations, contributions, and grants from any source which shall
 25 be credited to the trust fund and invested until needed. All interest earned on the fund
 26 shall be retained in the trust fund.

27 **(3) Additional Offers of Assistance:** Notwithstanding KRS 157.611 to 157.640,

1 157.650, 157.655, 157.660, and 157.665, the School Facilities Construction Commission
2 is authorized to make an additional \$100,000,000 in offers of assistance during the 2014-
3 2016 biennium in anticipation of debt service availability during the 2016-2018
4 biennium. No bonded indebtedness based on the above amount is to be incurred during
5 the 2014-2016 biennium.

6 **(4) Private Donations Facilities Match Program:** The School Facilities
7 Construction Commission (SFCC) shall conduct a study to determine the need for
8 establishing a private donations facilities match program. The SFCC shall report its
9 findings to the Interim Joint Committee on Appropriations and Revenue by July 1, 2015.

10 **(5) Urgent Needs School Assistance:** (a) If a local school district has an A1
11 school considered in the listing of the ten schools in the poorest condition in the state
12 according to the Parsons/MGT Report of November 2011 and verified by the Kentucky
13 Department of Education on March 7, 2014, has levied a five cents equivalent tax levy
14 beyond the five cents equivalent tax rate required by KRS 157.440(1)(b), has received
15 state equalization funds, utilized available offers of assistance from the School Facilities
16 Commission and is unable to cash fund or to sufficiently support the required annual debt
17 service for replacement of the school, the School Facilities Construction Commission is
18 authorized to make additional offers of assistance in an amount necessary to close the gap
19 between the available local resources and the amount needed for replacement of the
20 school.

21 (b) If the school district utilizes the equalization funds appropriated in paragraph (a)
22 of this subsection to support a bond issue for construction purposes, equalization funds
23 shall be provided for 20 years or until the bonds are retired, whichever is less.

24 (c) If a school district receives an allotment under paragraph (a) of this subsection
25 and subsequently, as the result of litigation or insurance, receives funds for the original
26 facility, the school district shall reimburse the Commonwealth an amount equal to that
27 received pursuant to paragraph (a) of this subsection. If the litigation or insurance receipts

1 are less than the amount received pursuant to paragraph (a) of this subsection, the district
 2 shall reimburse the Commonwealth an amount equal to that received as a result of
 3 litigation or insurance less the district's costs and legal fees in securing the judgment or
 4 payment. Any funds received in this manner shall be deposited in the Budget Reserve
 5 Trust Fund Account (KRS 48.705).

6 **29. TEACHERS' RETIREMENT SYSTEM**

	2014-15	2015-16
8 General Fund	326,772,500	299,318,400
9 Restricted Funds	12,183,500	12,196,600
10 TOTAL	338,956,000	311,515,000

11 **(1) State Medical Insurance Fund Financing:** Notwithstanding KRS 161.420
 12 and 161.550, a portion of the state employer contribution in a sufficient amount shall be
 13 allocated to the Teachers' Retirement System Medical Insurance Fund instead of the State
 14 Accumulation Fund.

15 **(2) Dependent Subsidy for Retirees under age 65:** Notwithstanding KRS
 16 161.675(4)(a) and (b), from July 1, 2014, through June 30, 2016, for all retirees under the
 17 age of 65 who participate in the Kentucky Group Health Insurance Program through the
 18 Kentucky Teachers' Retirement System, the Kentucky Teachers' Retirement System
 19 Board of Trustees shall have the authority to pay the same dependent subsidy that
 20 Executive Branch agencies pay for their active employees who have similar coverage.
 21 The dependent subsidy is not subject to KRS 161.714. If the Board of Trustees provides
 22 the dependent subsidy, the Board shall submit a report to the Interim Joint Committee on
 23 Appropriations and Revenue stating the cost of such action and providing the effect on
 24 the actuarial unfunded liability of the system.

25 **(3) Debt Service:** Included in the above General Fund appropriation is
 26 \$120,693,300 in fiscal year 2014-2015 and \$116,436,600 in fiscal year 2015-2016 for
 27 debt service on previously issued bonds.

1 **(4) Unfunded Liability:** It is the intent of the General Assembly in future
 2 biennial budget bills to pledge lesser debt service funding requirements for bonds
 3 previously issued for the Kentucky Teachers' Retirement System to reduce the unfunded
 4 pension liability.

5 **(5) Administrative Costs:** In accordance with KRS 161.420, in each fiscal year
 6 an amount not greater than four percent of the receipts of the state accumulation fund
 7 shall be set aside in the expense fund or expended for the administration of the retirement
 8 system.

9 **(6) Amortization of Sick Leave:** Included in the above General Fund
 10 appropriation is \$4,527,300 in fiscal year 2014-2015 and \$9,448,000 in fiscal year 2015-
 11 2016 to provide the cost of amortizing the requirements of KRS 161.155, relating to sick
 12 leave, for members retiring during the 2014-2016 biennium.

13 **(7) Contribution for Retiree Medical Insurance:** Included in the above General
 14 Fund appropriation is an additional \$11,500,000 in fiscal year 2014-2015 and
 15 \$22,600,000 in fiscal year 2015-2016 to support the state's contribution for the cost of
 16 retiree health insurance for members not eligible for Medicare, who have retired since
 17 July 1, 2010, pursuant to KRS 161.550.

18 **30. APPROPRIATIONS NOT OTHERWISE CLASSIFIED**

	2014-15	2015-16
19 General Fund	5,026,400	5,026,400

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

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

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

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

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

17 **(5) Police Officer, Firefighter, and Active Duty National Guard and Reserve**
 18 **Survivor Benefits:** Funds are appropriated for payment of benefits for state and local
 19 police officers, firefighters, and active duty National Guard and Reserve members in
 20 accordance with KRS 61.315 and 95A.070.

21 **31. JUDGMENTS**

	2014-15	2015-16
22		
23	General Fund	-0- -0-

24 **(1) Payment of Judgments and Carry Forward of General Fund**
 25 **Appropriation Balance:** Notwithstanding KRS 45A.275, the above appropriation is for
 26 the payment of judgments as may be rendered against the Commonwealth by courts and
 27 orders of the State Personnel Board and, where applicable, shall be subject to KRS

1 Chapter 45, and for the payment of medical malpractice judgments against the University
 2 of Kentucky and the University of Louisville in accordance with KRS 164.892 and
 3 164.941, and for the payment of judgments, audit adjustments, and excess billings to
 4 federal programs related to transfers from statewide internal service funds to the General
 5 Fund authorized in prior appropriations acts. Funds required to pay the costs of items
 6 included within the Judgments are appropriated, and any required expenditure over the
 7 above amounts is to be paid first from the General Fund Surplus Account (KRS 48.700),
 8 if available, or from the Budget Reserve Trust Fund Account (KRS 48.705), subject to
 9 the conditions and procedures provided in this Act.

10 **TOTAL - GENERAL GOVERNMENT**

11		2013-14	2014-15	2015-16
12	General Fund (Tobacco)	-0-	33,614,100	14,733,700
13	General Fund	-0-	683,024,800	665,706,500
14	Restricted Funds	-0-	250,607,500	264,917,300
15	Federal Funds	233,400	135,234,300	135,589,000
16	Road Fund	-0-	510,100	512,500
17	TOTAL	233,400	1,102,990,800	1,081,459,000

18 **B. ECONOMIC DEVELOPMENT CABINET**

19 **Budget Units**

20 **1. ECONOMIC DEVELOPMENT**

21		2014-15	2015-16
22	General Fund	19,151,800	35,146,600
23	Restricted Funds	2,711,200	2,749,600
24	Federal Funds	-0-	5,100,000
25	TOTAL	21,863,000	42,996,200

26 **(1) Funding for Commercialization and Innovation:** Notwithstanding KRS
 27 154.12-278, interest income earned on the balances in the High-Tech

1 Construction/Investment Pool and loan repayments received by the High-Tech
2 Construction/Investment Pool shall be used to support the Office of Entrepreneurship and
3 are appropriated in addition to amounts appropriated above.

4 **(2) Debt Service:** Included in the above General Fund appropriation is \$892,000
5 in fiscal year 2015-2016 for debt service to support new bonds as set forth in Part II,
6 Capital Projects Budget, of this Act.

7 **(3) Lapse and Carry Forward of General Fund Appropriation Balance for**
8 **Bluegrass State Skills Corporation:** Notwithstanding KRS 45.229, the General Fund
9 appropriation balance for Bluegrass State Skills Corporation training grants for fiscal year
10 2013-2014 and fiscal year 2014-2015 shall not lapse and shall carry forward. The amount
11 available to the Corporation for disbursement in each fiscal year shall be limited to the
12 unexpended training grant allotment balance at the end of fiscal year 2013-2014
13 combined with the additional training grant allotment amounts for each fiscal year of the
14 2014-2016 biennium, less any disbursements. If the required disbursements exceed the
15 Bluegrass State Skills Corporation training grants allotment balance, notwithstanding
16 KRS 154-12.278, Restricted Funds may be expended for training grants, and funds in an
17 amount not to exceed \$2,000,000 shall be appropriated from the General Fund Surplus
18 Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

19 **(4) Kentucky Innovation and Commercialization Center Program:** The
20 Kentucky Innovation and Commercialization Center Program authorized in KRS 154.12-
21 305 shall remain open for the 2014-2016 fiscal biennium. Included in the above General
22 Fund appropriation are sufficient funds to support 12 Innovation and Commercialization
23 Centers.

24 **(5) Northern Kentucky Waterfront Development:** Included in the above
25 General Fund appropriation is \$150,000 in each fiscal year to be used by the cities of
26 Bellevue, Covington, Dayton, Ft. Thomas, Ludlow, and Newport on projects or activities
27 related to the development of Riverfront Commons. These funds shall be expended for

1 the benefit of a geographic corridor approximately 12 miles long and one-half mile deep
 2 along the left bank of the Ohio River in Northern Kentucky in the communities of
 3 Bellevue, Covington, Dayton, Ft. Thomas, Ludlow, and Newport. The project shall
 4 include the area from the mouth of the Licking River to the Veterans' (Fourth Street)
 5 Bridge. No funding shall be used by or distributed to Southbank Partners or any of its
 6 employees.

7 **C. DEPARTMENT OF EDUCATION**

8 **Budget Units**

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

	2014-15	2015-16
12 General Fund	2,972,270,700	3,009,490,600

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

15 **(2) Allocation of SEEK Funds:** Notwithstanding KRS 157.360(2)(c), the above
 16 General Fund and Federal Funds appropriations to the base SEEK Program are intended
 17 to provide a base guarantee of \$3,911 per student in average daily attendance in fiscal
 18 year 2014-2015 and \$3,981 per student in average daily attendance in fiscal year 2015-
 19 2016 as well as to meet the other requirements of KRS 157.360. In accordance with KRS
 20 157.390(3), \$100 of the base per pupil guarantee shall be for capital outlay purposes.

21 Funds appropriated to the SEEK Program shall be allotted to school districts in
 22 accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall
 23 not exceed the appropriations for this purpose, except as provided in this Act. The total
 24 appropriation for the SEEK Program shall be measured by, or construed as, estimates of
 25 the state expenditures required by KRS 157.310 to 157.440. If the required expenditures
 26 exceed these estimates, the Secretary of the Finance and Administration Cabinet, upon
 27 the written request of the Commissioner of Education and with the approval of the

1 Governor, may increase the appropriation by such amount as may be available and
 2 necessary to meet, to the extent possible, the required expenditures under the cited
 3 sections of the Kentucky Revised Statutes, but any increase of the total appropriation to
 4 the SEEK Program is subject to Part III, General Provisions, of this Act and KRS Chapter
 5 48. If funds appropriated to the SEEK Program are insufficient to provide the amount of
 6 money required under KRS 157.310 to 157.440, allotments to local school districts may
 7 be reduced in accordance with KRS 157.430. ~~Notwithstanding KRS 45.229, any~~
 8 ~~unexpended SEEK funds shall not lapse and shall be transferred to the Kentucky~~
 9 ~~Teachers' Retirement System to be applied to the system's unfunded liability.]~~

10 **(3) Local School District Certified and Classified Employee Pay Increases:**

11 Notwithstanding KRS 157.420(2), local school districts shall provide all certified and
 12 classified staff a salary or compensation increase of not less than one percent in fiscal
 13 year 2014-2015, and an additional salary or compensation increase of not less than two
 14 percent in fiscal year 2015-2016. The salary increase for certified staff shall be in addition
 15 to the normal rank and step increase attained by certified personnel employed by local
 16 school districts. Classified staff employed by a local board of education that work less
 17 than full-time shall receive a pro rata share of the salary increase based on terms of their
 18 employment.

19 **(4) Base SEEK Allotments:** Notwithstanding KRS 157.420(2), included in the

20 above General Fund appropriation is \$2,069,514,800 in fiscal year 2014-2015 and
 21 \$2,103,805,900 in fiscal year 2015-2016 for the base SEEK Program as defined by KRS
 22 157.360. Funds appropriated to the SEEK Program shall be allotted to school districts in
 23 accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall
 24 not exceed the appropriations for this purpose except as provided in this Act.
 25 Notwithstanding KRS 157.360(2)(c), included in the appropriation for the base SEEK
 26 Program is \$214,752,800 in each fiscal year for pupil transportation.

27 **(5) Tier I Component:** Included in the above General Fund appropriation is

1 \$170,476,000 in fiscal year 2014-2015 and \$168,116,200 in fiscal year 2015-2016 for the
2 Tier I component as established by KRS 157.440.

3 **(6) Vocational Transportation:** Included in the above General Fund
4 appropriation is \$2,416,900 in each fiscal year for vocational transportation.

5 **(7) Secondary Vocational Education:** Included in the above General Fund
6 appropriation is \$22,866,900 in fiscal year 2014-2015 and \$22,881,900 in fiscal year
7 2015-2016 to provide secondary vocational education in state-operated vocational
8 schools.

9 **(8) Teachers' Retirement System Employer Match:** Included in the above
10 General Fund appropriation is \$372,278,100 in fiscal year 2014-2015 and \$380,489,300
11 in fiscal year 2015-2016 to enable local school districts to provide the employer match for
12 qualified employees as provided for by KRS 161.550.

13 **(9) Salary Supplements for Nationally Certified Teachers:** Notwithstanding
14 KRS 157.395, included in the above General Fund appropriation is \$2,750,000 in each
15 fiscal year for the purpose of providing salary supplements for public school teachers
16 attaining certification by the National Board for Professional Teaching Standards.
17 Notwithstanding the provisions of KRS 157.395, if the appropriation is insufficient to
18 provide the mandated salary supplement for teachers who have obtained this certification,
19 the Department of Education is authorized to pro rata reduce the supplement.

20 **(10) Final SEEK Calculation:** Notwithstanding KRS 157.410, on or before
21 March 1 of each year, the Commissioner of Education shall determine the exact amount
22 of the public common school fund to which each district is entitled, and the remainder of
23 the amount due each district for the year shall be distributed in equal installments
24 beginning the first month after completion of final calculation and for each successive
25 month thereafter.

26 **(11) SEEK Adjustment Factors:** Funds allocated for the SEEK base and its
27 adjustment factors that are not needed for the base or a particular adjustment factor may

1 be allocated to other adjustment factors, if funds for that adjustment factor are not
2 sufficient.

3 **(12) Facilities Support Program of Kentucky/Equalized Nickel Levies:**
4 Included in the above General Fund appropriation is \$76,315,900 in fiscal year 2014-
5 2015 and \$73,953,700 in fiscal year 2015-2016 to provide facilities equalization funding
6 pursuant to KRS 157.440 and 157.620.

7 **(13) Growth Levy Equalization Funding:** Included in the above General Fund
8 appropriation is \$16,823,600 in fiscal year 2014-2015 and \$16,659,300 in fiscal year
9 2015-2016 to provide facilities equalization funding pursuant to KRS 157.440 and
10 157.620, for districts meeting the eligibility requirements of KRS 157.621(1) and (4).

11 **(14) Retroactive Equalized Facility Funding:** Included in the above General
12 Fund appropriation is \$10,753,400 in fiscal year 2014-2015 and \$10,741,700 in fiscal
13 year 2015-2016 to provide equalized facility funding pursuant to KRS 157.440 and
14 157.620 to districts meeting the eligibility requirements of KRS 157.621(2) and (4). In
15 addition, a local board of education that levied a tax rate subject to recall by January 1,
16 2014, in addition to the five cents levied pursuant to KRS 157.440(1)(b) and that
17 committed the receipts to debt service, new facilities, or major renovations of existing
18 facilities shall be eligible for equalization funds from the state at 150 percent of the
19 statewide average per pupil assessment. Revenue to generate the five cent equivalent levy
20 may be obtained from levies on property, motor vehicles, or the taxes authorized by KRS
21 160.593 to 160.597, 160.601 to 160.633, and 160.635 to 160.648 if the levy was
22 dedicated to facilities funding at the time of the levy. The equalization funds shall be used
23 as provided in KRS 157.440(1)(b). For the 2014-2016 fiscal biennium, school districts
24 that levied the tax rate subject to recall prior to September 1, 2012, and began collecting
25 the tax in fiscal year 2012-2013 shall be equalized at 100 percent of the calculated
26 equalization funding, and school districts that levied the tax rate subject to recall after
27 September 1, 2012, and began collecting the tax in the following fiscal year shall be

1 equalized at 25 percent of the calculated equalization funding in each fiscal year. It is the
 2 intent of the 2014 General Assembly that any local school district receiving partial
 3 equalization under this subsection in the 2014-2016 fiscal biennium shall receive full
 4 calculated equalization in the 2016-2018 fiscal biennium and thereafter.

5 **(15) Equalized Facility Funding:** Included in the above General Fund
 6 appropriation is \$6,271,500 in fiscal year 2014-2015 and \$6,096,100 in fiscal year 2015-
 7 2016 to provide equalized facility funding pursuant to KRS 157.420 and 157.620 to
 8 districts meeting the eligibility requirements of KRS 157.621(3) and (4).

9 **(16) BRAC Equalized Facility Funding:** Included in the above General Fund
 10 appropriation is \$1,719,100 in fiscal year 2014-2015 and \$1,658,800 in fiscal year 2015-
 11 2016 to provide equalized facility funding to school districts meeting the eligibility
 12 requirements of KRS 157.621(1)(c) pursuant to KRS 157.440 and 157.620.

13 **(17) Instructional Days:** Notwithstanding KRS 158.070, the school term for fiscal
 14 year 2014-2015 and fiscal year 2015-2016 shall include the equivalent of 177 six-hour
 15 instructional days. Districts may exceed 177 six-hour instructional days.

16 **(18) Hold-Harmless Guarantee:** A modified hold-harmless guarantee is
 17 established in fiscal biennium 2014-2016 which provides that every local school district
 18 shall receive at least the same amount of Support Education Excellence in Kentucky
 19 (SEEK) state funding per pupil as was received in fiscal year 1991-1992. If funds
 20 appropriated to the SEEK Program are insufficient to provide the amount of money
 21 required under KRS 157.310 to 157.440, and allotments to local school districts are
 22 reduced in accordance with KRS 157.430, allocations to school districts subject to this
 23 provision shall not be reduced.

24 **(19) Equalization Funding for Critical Construction Needs Schools:** (a)
 25 Included in the above General Fund appropriation is \$5,331,800 in fiscal year 2014-2015
 26 and \$5,168,000 in fiscal year 2015-2016 to provide equalization funding for school
 27 districts that have school facilities classified as Category 5 on May 18, 2010, by the

1 Department of Education; Sheldon Clark High School in Martin County, which has been
2 determined to be structurally unsound by a certified engineer; Magoffin County Schools,
3 which have serious space limitations as a result of tornado damage; Carlisle County
4 Elementary School, which is the A1 school determined to be in the poorest condition in
5 the state according to the Parsons/MGT Report of November 2011; and school districts
6 that have levied an additional five cents equivalent tax rate for debt service, new
7 construction, and major renovation beyond the five cents equivalent tax rate required by
8 KRS 157.440(1)(b), except as provided in paragraph (c) of this subsection. Equalization
9 shall be provided at 150 percent of the statewide average per pupil assessment beginning
10 in the fiscal year following the fiscal year in which the levy is imposed. This levy shall be
11 subject to the recall provisions of KRS 132.017. Local school districts that have schools
12 rated in poor condition in the Parsons/MGT Report of November 2011 are encouraged to
13 levy an additional five cents equivalent tax rate for debt service, new construction, and
14 major renovation beyond the five cents equivalent tax rate required by KRS
15 157.440(1)(b), except as provided in paragraph (c) of this subsection in anticipation of
16 receiving equalization funding during the 2016-2018 fiscal biennium.

17 (b) If the total revenue generated in the 2014-2016 fiscal biennium by the additional
18 five cents equivalent tax levy, the equalization funds, and any escrowed or additional
19 offers of assistance from the School Facilities Construction Commission is insufficient to
20 cash fund the project or to sufficiently support the required annual debt service for the
21 entirety of the capital project, the school district shall be awarded additional funds equal
22 to the amount of annual debt service necessary to complete the project in its entirety. Any
23 funds included in paragraph (a) of this subsection not necessary to provide equalization in
24 each fiscal year shall be used for this purpose. If the total funds appropriated in paragraph
25 (a) of this subsection are insufficient, the School Facilities Construction Commission is
26 authorized to make additional offers of assistance not to exceed the debt service for
27 \$7,300,000 for Carlisle County, not to exceed the debt service for \$5,000,000 for

1 Magoffin County, and not to exceed the debt service for \$14,000,000 for Martin County.

2 (c) If the school district utilizes the equalization funds appropriated in paragraph (a)
 3 of this subsection to support a bond issue for construction purposes, equalization funds
 4 shall be provided for 20 years or until the bonds are retired, whichever is less.

5 (d) If a school district receives an allotment under paragraph (a) of this subsection
 6 and subsequently, as the result of litigation or insurance, receives funds for the original
 7 facility, the school district shall reimburse the Commonwealth an amount equal to that
 8 received pursuant to paragraph (a) of this subsection. If the litigation or insurance receipts
 9 are less than the amount received pursuant to paragraph (a) of this subsection, the district
 10 shall reimburse the Commonwealth an amount equal to that received as a result of
 11 litigation or insurance less the district's costs and legal fees in securing the judgment or
 12 payment. Any funds received in this manner shall be deposited in the Budget Reserve
 13 Trust Fund Account (KRS 48.705).

14 **2. OPERATIONS AND SUPPORT SERVICES**

	2014-15	2015-16
15 General Fund	48,761,000	52,905,600
16 Restricted Funds	8,199,700	8,275,500
17 Federal Funds	328,484,800	328,656,500
18 TOTAL	385,445,500	389,837,600

19
 20 **(1) Employment of Personnel:** Notwithstanding KRS 18A.115, the Department
 21 of Education may fill, through memoranda of agreement, not more than 50 percent of its
 22 existing authorized positions below the division director level with individuals employed
 23 as school administrators and educators in Kentucky.

24 **(2) Employment of Leadership Personnel:** Notwithstanding KRS 18A.005 to
 25 18A.200, the Kentucky Board of Education shall continue to have sole authority to
 26 determine the employees of the Department of Education who are exempt from the
 27 classified service and to set those employees' compensation comparable to the

1 competitive market.

2 **(3) School Technology in Coal Counties:** Notwithstanding KRS 42.4588(2) and
 3 (4), included in the above General Fund appropriation is \$1,750,000 in each fiscal year
 4 from the Local Government Economic Development Fund for the purpose of enhancing
 5 education technology in local school districts within coal-producing counties. The
 6 Commissioner of Education shall use the appropriation in this subsection to continue the
 7 Coal County Computing Program in conjunction with the Cabinet for Economic
 8 Development through its Department of Commercialization and Innovation.

9 **(4) Debt Service:** Included in the above General Fund appropriation is \$61,000 in
 10 fiscal year 2014-2015 and \$183,000 in fiscal year 2015-2016 for new debt service to
 11 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

12 **(5) Education Technology Program:** Included in the above General Fund
 13 appropriation is \$19,299,500 in fiscal year 2014-2015 and \$22,999,500 in fiscal year
 14 2015-2016 for the Kentucky Education Technology System. Included in this
 15 appropriation is \$800,000 in fiscal year 2015-2016 for the Statewide IT Academy.

16 **3. LEARNING AND RESULTS SERVICES**

	2014-15	2015-16
17 General Fund	985,063,800	1,030,848,400
18 Restricted Funds	24,577,600	25,634,300
19 Federal Funds	559,363,000	559,730,700
20 TOTAL	1,569,004,400	1,616,213,400

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

26 **(2) Family Resource and Youth Services Centers:** Funds appropriated to
 27 establish and support Family Resource and Youth Services Centers shall be transferred in

1 fiscal year 2014-2015 and in fiscal year 2015-2016 to the Cabinet for Health and Family
 2 Services consistent with KRS 156.496. The Cabinet for Health and Family Services is
 3 authorized to use, for administrative purposes, no more than three percent of the total
 4 funds transferred from the Department of Education for the Family Resource and Youth
 5 Services Centers. If a certified person is employed as a director or coordinator of a Family
 6 Resource and Youth Services Center, that person shall retain his or her status as a
 7 certified employee of the school district.

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

13 **(3) Health Insurance:** Included in the above General Fund appropriation is
 14 \$672,662,900 in fiscal year 2014-2015 and \$686,116,200 in fiscal year 2015-2016 for
 15 employer contributions for health insurance and the contribution to the health
 16 reimbursement account for employees waiving coverage.

17 **(4) Program Flexibility:** Notwithstanding KRS 157.3175(3) and (4) and
 18 160.345(8) with regard to the state allocation for Professional Development, Extended
 19 School Services, Instructional Resources, and Safe Schools, local school districts shall be
 20 provided additional flexibility in the utilization of these funds. Local school districts shall
 21 continue to address the governing statutes and serve the intended student population but
 22 may utilize funds from these programs for general operating expenses in each year of the
 23 biennium. Local school districts that utilize these funds for general operating expenses
 24 shall report to the Kentucky Department of Education and the Interim Joint Committee on
 25 Education on an annual basis the amount of each program funding utilized for general
 26 operating expenses.

27 **(5) Publishing Requirements:** Notwithstanding KRS 160.463 and 424.220,

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

10 **(6) Coordination With Head Start:** Each local district shall work with Head
11 Start and other existing preschool programs to avoid duplication of services and
12 programs, to avoid supplanting federal funds, and to maximize Head Start funds in order
13 to serve as many four-year-old children as possible, and shall maintain certification from
14 the Head Start director that the Head Start Program is fully utilized. If a local district fails
15 to comply with the requirements of this subsection, the Commissioner of Education shall
16 withhold preschool funding for an amount equal to the number of Head Start-eligible
17 children served in the district who would have been eligible to be served by Head Start
18 under the full utilization certification required under this subsection. The Commissioner
19 of Education shall resolve any disputes and make a determination of the district's
20 compliance with the full utilization requirement. Notwithstanding KRS 157.3175(1)(a)
21 and (b) and 157.3175(4)(b), the Department of Education shall implement entrance age
22 requirements for preschool beginning in the 2014-2015 school year to align with the new
23 school entrance age requirements pursuant to KRS 158.030.

24 **(7) Commonwealth School Improvement Fund:** Notwithstanding KRS
25 158.805, the Commissioner of Education shall be authorized to use the Commonwealth
26 School Improvement Fund to provide support services to schools or to meet federal
27 requirements.

1 **(8) Use of Local District Capital Funds:** Notwithstanding KRS 157.420(4) and
2 (6), 157.440, and 157.621, a local board of education may submit a request to the
3 Commissioner of Education to utilize any capital funds, regardless of the source, for
4 general operating expenses in each fiscal year without forfeiting the district's eligibility to
5 participate in the School Facilities Construction Commission Program. Prior to August 1,
6 2014, the Kentucky Board of Education shall approve guidelines to be followed in
7 considering such requests from local boards of education.

8 **(9) Surplus Property:** Notwithstanding KRS 45.777, any funds received by the
9 Commonwealth from the disposal of any surplus property at the Kentucky School for the
10 Blind, the Kentucky School for the Deaf, and the FFA Leadership Training Center shall
11 be deposited in a separate restricted account for each facility and shall not be expended
12 without appropriation authority granted by the General Assembly.

13 **(10) Residential Youth-at-Risk Programs:** (a) Students enrolled in the Bluegrass
14 Challenge Academy and the Appalachian Youth Challenge Academy shall be included in
15 the student count used for determining the amount of state funding allocated to a local
16 school district through the Support Education Excellence in Kentucky (SEEK) Program.

17 (b) Students who are accepted for enrollment in either of the academies shall, on the
18 first day of attendance at the academy, enroll in the county school district in which the
19 academy is located. These students will be enrolled in the local school district for
20 attendance purposes only. The attendance records of these students shall not be included
21 in the Superintendent's Annual Attendance Report, and the local school district shall have
22 no responsibility for these students.

23 (c) Each academy shall report student attendance to the local school district on a
24 quarterly basis. The local school district shall calculate the amount of SEEK funds
25 generated by the students enrolled in the academy in the district and shall transmit these
26 funds to the academy on a semiannual basis.

27 (d) No later than July 1, 2014, the Commissioner of Education shall develop

1 procedures for local school districts to follow to accomplish the requirements of
2 paragraphs (b) and (c) of this subsection.

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

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

12 **(13) Allocations to School-Based Decision Making Councils:** Notwithstanding
13 KRS 160.345(6), for fiscal years 2014-2015 and 2015-2016, a local board of education
14 may reduce the allocations to individual schools within the district as outlined in 702
15 KAR 3:246, secs. 6, 7, and 8. The allocation under 702 KAR 3:246, sec. 6, shall not be
16 less than \$100 per pupil in average daily attendance.

17 **(14) Kentucky School for the Blind and Kentucky School for the Deaf:**
18 Included in the above General Fund appropriation is \$6,549,400 in fiscal year 2014-2015
19 and \$6,672,700 in fiscal year 2015-2016 for the Kentucky School for the Blind and
20 \$9,633,900 in fiscal year 2014-2015 and \$9,815,300 in fiscal year 2015-2016 for the
21 Kentucky School for the Deaf.

22 **(15) Learning and Results Services Programs:** Notwithstanding KRS 156.265,
23 included in the above General Fund appropriation are the following allocations for the
24 2014-2016 fiscal biennium~~[- but no portion of these funds shall be utilized for state-level~~
25 ~~administrative purposes]:~~

26 (a) \$1,236,000 in each fiscal year for the ACT and WorkKeys testing;

27 (b) \$72,300 in each fiscal year for the Appalachian Learning Disabled Tutoring

1 Program;

2 (c) \$525,100 in each fiscal year for the Blind/Deaf Residential Travel Program;

3 (d) \$1,225,600 in each fiscal year for the Collaborative Center for Literacy

4 Development;

5 (e) \$1,358,800 in each fiscal year for the Commonwealth School Improvement

6 Fund;

7 (f) \$1,936,400 in each fiscal year for the Community Education Program;

8 (g) \$576,100 in each fiscal year for the Dropout Prevention Program;

9 (h) \$424,100 in each fiscal year for the Elementary Arts and Humanities Program;

10 (i) \$451,400 in each fiscal year for the Every1 Reads Program;

11 (j) \$19,105,900 in fiscal year 2014-2015 and \$25,510,700 in fiscal year 2015-
12 2016 for the Extended School Services Program;

13 (k) \$52,148,300 in each fiscal year for the Family Resource and Youth Services
14 Centers Program;

15 (l) \$227,900 in each fiscal year for the Georgia Chaffee Teenage Parent Program;

16 (m) \$6,622,300 in each fiscal year for the Gifted and Talented Program;

17 (n) \$328,800 in each fiscal year for the Leadership and Mentor Fund;

18 (o) \$1,483,700 in each fiscal year for the Local School District Life Insurance;

19 (p) \$5,353,600 in each fiscal year for the Mathematics Achievement Fund;

20 (q) \$339,200 in each fiscal year for the Middle School Academic Center;

21 (r) \$71,315,300 in fiscal year 2014-2015 and \$90,113,200 in fiscal year 2015-
22 2016 for the Preschool Program;

23 (s) \$8,848,800 in fiscal year 2014-2015 and \$11,927,700 in fiscal year 2015-2016
24 for the Professional Development Program;

25 (t) \$720,300 in each fiscal year for the Teacher's Professional Growth Fund;

26 (u) \$16,999,000 in each fiscal year for the Read to Achieve Program;

27 (v) \$7,267,800 in fiscal year 2014-2015 and \$10,378,300 in fiscal year 2015-2016

- 1 for the Safe Schools Program;
- 2 (w) \$941,400 in each fiscal year for the Save the Children/Rural Literacy
- 3 Program;
- 4 (x) \$3,646,200 in each fiscal year for the School Food Services;
- 5 (y) \$10,096,500 in each fiscal year for the State Agency Children Program;
- 6 (z) \$1,400,800 in each fiscal year for the Teacher Academies Program;
- 7 (aa) \$16,700,000 in each fiscal year for Instructional Resources;
- 8 (ab) \$1,338,200 in each fiscal year for the Teacher Recruitment and Retention
- 9 Program-Educator Quality and Diversity;
- 10 (ac) \$700,300 in each fiscal year for the Virtual Learning Program;
- 11 (ad) \$534,300 in each fiscal year for the Writing Program;
- 12 (ae) \$100,000 in each fiscal year for the Lexington Hearing and Speech Center,
- 13 (af) \$100,000 in each fiscal year for the Heuser Hearing and Language Academy;
- 14 (ag) \$100,000 in each fiscal year for the Visually Impaired Preschool Services
- 15 program; and
- 16 (ah) \$800,000 in fiscal year 2014-2015 and \$1,200,000 in fiscal year 2015-2016
- 17 for AdvanceKentucky.

18 **(16) Participation in the Education Technology Program by Area Vocational**

19 **Education Centers:** Area Vocational Education Centers shall be fully eligible to

20 participate in the Kentucky Education Technology System. Notwithstanding KRS

21 157.650, 157.655, 157.660, and 157.665, the School Facilities Construction Commission,

22 in consultation with the Kentucky Board of Education and the Department of Education,

23 shall develop administrative regulations which identify a methodology by which the

24 average daily attendance for Area Vocational Education Centers may be equated to the

25 average daily attendance of other local school districts in order that they may receive their

26 respective distributions of these funds. The School Facilities Construction Commission

27 shall include Area Vocational Education Centers in any offers of assistance to local

1 school districts for technology assistance during the 2014-2016 fiscal biennium.

2 **(17) Transfer of State-Operated Secondary Vocational Education and**
 3 **Technology Centers:** (a) Notwithstanding KRS 151B.035, 151B.040, 151B.045,
 4 151B.050, 151B.055, and 151B.070, effective at the beginning of fiscal year 2014-2015,
 5 a local board of education may submit a request to the Executive Director of the Office of
 6 Career and Technical Education to assume authority for the management and control of a
 7 state-operated secondary vocational education and technology center. Upon agreement
 8 between the Executive Director of the Office of Career and Technical Education and the
 9 local board of education for the transfer of a state-operated secondary vocational
 10 education and technology center, all personnel, equipment, and supplies shall be
 11 transferred to the local board of education and shall only be utilized for the operation of
 12 the locally operated vocational center. The transfer of management and control of the
 13 secondary area vocational education and technology center shall be considered a
 14 permanent transfer to the local district.

15 (b) A certified employee who is affected by a transfer to the local board of
 16 education under paragraph (a) of this subsection shall be granted a one year limited
 17 contract by the local board of education and shall be employed on the local district salary
 18 schedule. A classified employee shall be guaranteed employment equal to his or her
 19 present status for at least one complete school term. A transferred employee shall be
 20 provided the benefits of comparable employees in the district and shall be subject to all
 21 rules and policies of the local board of education, including but not limited to disciplinary
 22 and personnel actions that are the same as those that may be exercised by the district for
 23 any other employee in the district during a contract period.

24 (c) A transferred employee who has accrued annual leave and compensatory time
 25 shall be paid a lump sum for the accrued time at the effective date of the transfer by the
 26 Office of Career and Technical Education. The employee shall be granted credit for
 27 accrued sick leave up to the maximum allowed for transfers for teachers between school

1 districts. Sick leave credit shall be awarded to a classified employee based on the local
2 board policy. Any excess sick leave that a classified or certified employee has earned that
3 the district will not accept in the transfer may be requested to be held in escrow by the
4 appropriate state personnel system under KRS Chapter 18A or 151B, and the sick leave
5 balance shall be restored to the employee if the employee returns to a state government
6 position.

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

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

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

26 (g) General Fund moneys previously appropriated to the Office of Career and
27 Technical Education for support of the transferred state-operated vocational technical

1 school shall be appropriated to the Kentucky Department of Education for support of the
2 local board of education center operations effective at the beginning of fiscal year 2014-
3 2015. In addition, the local board of education shall receive 100 percent of the Support
4 Education Excellence in Kentucky (SEEK) Program funds from the Kentucky
5 Department of Education that are generated from students enrolled in the center.

6 **(18) Transfer of Locally Operated Secondary Vocational Education and**
7 **Technology Centers:** (a) Effective at the beginning of fiscal year 2014-2015, a local
8 board of education that has operated a career and technical center for at least five years
9 may submit a request to the Executive Director of the Office of Career and Technical
10 Education to relinquish authority for the management and control of the career and
11 technical center to the Office of Career and Technical Education. Upon agreement
12 between the Executive Director of the Office of Career and Technical Education and the
13 local board of education for the transfer of a locally operated career and technical center,
14 the local board of education shall transfer all personnel, equipment, and supplies to the
15 Office of Career and Technical Education.

16 (b) A certified employee who is affected by a transfer to the Office of Career and
17 Technical Education under paragraph (a) of this subsection shall be granted the same
18 status by the Office of Career and Technical Education as he or she had at the close of
19 employment with the local board of education and shall be employed on the state salary
20 schedule. A classified employee shall be guaranteed employment equal to his or her status
21 in the local school district for at least one complete school term. A transferred employee
22 shall be provided the benefits of comparable employees in the Office of Career and
23 Technical Education and shall be subject to all rules and policies of the Office of Career
24 and Technical Education, including but not limited to disciplinary and personnel actions
25 that are the same as those that may be exercised by the Office for any other employee of
26 the Commonwealth during a contract period.

27 (c) A certified employee shall be granted credit for accrued sick leave by the

1 Office of Career and Technical Education up to the maximum allowed for transfers for
2 teachers between school districts. The Office of Career and Technical Education shall
3 award sick leave credit to a classified employee based on the sick leave accumulated in
4 the local district. Any excess sick leave that a classified or certified employee earned that
5 had been held in escrow by the appropriate state personnel system under KRS Chapter
6 18A or 151B when transfer was made to the local board of education shall be restored to
7 the employee.

8 (d) An employee who is to be transferred to the Office of Career and Technical
9 Education under the provisions of this subsection but who chooses not to accept
10 employment with the Commonwealth shall be separated from the local board of
11 education and the employee's position shall be abolished. The employee may apply for
12 any local board of education or state position for which the employee is qualified but
13 shall not be granted priority over other applicants for a position because the employee's
14 position was abolished due to a transfer of the area vocational education and technical
15 center.

16 (e) A certified employee, other than a principal, who has earned continuing status
17 in the local school district under KRS 161.740(1), shall be granted continuing status
18 under the provisions of KRS 151B.055. A principal may be granted continuing status as a
19 teacher, but the provisions relating to demotion under KRS 151B.055(8) shall apply.

20 (f) An employee of a local board of education who is transferred to the Office of
21 Career and Technical Education and who occupies a position covered by the Kentucky
22 Teachers' Retirement System shall remain in the Kentucky Teachers' Retirement System.

23 (g) General Fund moneys previously appropriated to a local board of education
24 for support of the career and technical center shall be appropriated to the Office of Career
25 and Technical Education. In addition, the Office of Career and Technical Education shall
26 receive 100 percent of the Support Education Excellence in Kentucky (SEEK) Program
27 funds from the Kentucky Department of Education that are generated from students

1 enrolled in the career and technical center.

2 **(19) Regional Collaborative Career Academy:** (a) Included in the above
3 appropriation is \$250,000 in fiscal year 2014-2015 for planning for the establishment of a
4 Regional Collaborative Career Academy. This academy is a collaborative effort of the
5 Carroll County Schools, Gallatin County Schools, Henry County Schools, Owen County
6 Schools, and Trimble County Schools. Funds will be distributed to the school district
7 selected to serve as the fiscal agent.

8 (b) The funds shall be utilized by the five districts to develop a governance,
9 financing, and staffing structure for the collaborative school; to consult with parents,
10 students, and regional employers to develop career pathway programs of study linked to
11 regional, high-growth, high-demand job sectors; to develop a curriculum framework; and
12 to establish targets for increasing the number of students within their districts who meet
13 Kentucky's College and Career Readiness benchmarks and who pursue postsecondary
14 education and industry certification.

15 (c) The districts shall consult with the Kentucky Department of Education's
16 Office of Career and Technical Education throughout the planning process to ensure
17 plans for the collaborative school are aligned with state statutes and regulations and the
18 Office's plans for improving Career and Technical Education throughout Kentucky.

19 (d) The districts shall coordinate with the Kentucky Department of Education, the
20 Kentucky Council on Postsecondary Education, the Kentucky Community and Technical
21 College System, the Kentucky Cabinet for Education and Workforce Development, and
22 the Kentucky Cabinet for Economic Development to establish a Regional Advisory
23 Committee that includes the school district superintendents, industry partners, community
24 college and university representatives, economic developers, regional Workforce
25 Investment Boards, elected representatives of their communities, parents, and students.

26 (e) The districts shall convene the Regional Advisory Committee to advise them
27 on development of the Collaborative Career Academy; to align program offerings with

1 employer and workforce needs; to ensure the career pathway programs offered lead to
 2 work-based learning and postsecondary study; and to provide ongoing consultation and
 3 evaluation.

4 (f) The districts may utilize the funds appropriated to obtain assistance with plan
 5 development and coordination of the Regional Advisory Committee and other planning
 6 activities.

7 (g) The five districts shall provide quarterly, written progress reports to the
 8 Kentucky Department of Education and present a report on utilization of the funds and
 9 the plans developed to the Interim Joint Committee on Appropriations and Revenue and
 10 the Interim Joint Committee on Education no later than December 1, 2014.

11 **(20) College/Career Readiness:** Included in the above General Fund
 12 appropriation is \$3,000,000 in each fiscal year for additional staffing at
 13 vocational/technical schools.

14 **(21) Teach for America:** Included in the above General Fund appropriation is
 15 \$250,000 in each fiscal year for Teach for America.

16 **(22) Funding for Employer Health and Life Insurance:** If the costs for health
 17 insurance or life insurance coverage for employees of local school districts exceed the
 18 levels of appropriated funds, any unexpended Support Education Excellence in Kentucky
 19 appropriations may be used to offset the unbudgeted costs. Any transfer shall be subject
 20 to the approval of the Governor upon the written recommendation of the State Budget
 21 Director pursuant to the written request of the Commissioner of Education. The per-
 22 month, per-employee administrative assessment shall be remitted to the Personnel
 23 Cabinet by the Department of Education from the General Fund appropriation for local
 24 school district health and life insurance. Any necessary transfer under this subsection
 25 shall be before any transfer to the Kentucky Teachers' Retirement System pursuant to Part
 26 I, C., 1., (2) of this Act.

27 **TOTAL - DEPARTMENT OF EDUCATION**

1		2014-15	2015-16
2	General Fund	4,006,095,500	4,093,244,600
3	Restricted Funds	32,777,300	33,909,800
4	Federal Funds	887,847,800	888,387,200
5	TOTAL	4,926,720,600	5,015,541,600

D. EDUCATION AND WORKFORCE DEVELOPMENT CABINET

Budget Units

1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

9		2014-15	2015-16
10	General Fund	4,434,100	4,750,100
11	Restricted Funds	5,131,300	5,398,300
12	Federal Funds	659,800	340,500
13	TOTAL	10,225,200	10,488,900

(1) **Governor's Scholars Program:** Included in the above General Fund appropriation is \$1,968,600 in fiscal year 2014-2015 and \$1,970,400 in fiscal year 2015-2016 for the Governor's Scholars Program.

(2) **Kentucky Center for Education and Workforce Statistics:** Included in the above General Fund appropriation is \$250,000 in fiscal year 2015-2016 to support the Kentucky Center for Education and Workforce Statistics (KCEWS).

2. PROPRIETARY EDUCATION

21		2014-15	2015-16
22	Restricted Funds	272,300	283,100

3. DEAF AND HARD OF HEARING

24		2014-15	2015-16
25	General Fund	861,300	883,200
26	Restricted Funds	1,109,200	1,109,200
27	TOTAL	1,970,500	1,992,400

1 **4. KENTUCKY EDUCATIONAL TELEVISION**

	2013-14	2014-15	2015-16
3 General Fund	-0-	13,037,900	13,245,000
4 Restricted Funds	930,500	1,451,000	1,451,000
5 TOTAL	930,500	14,488,900	14,696,000

6 **5. ENVIRONMENTAL EDUCATION COUNCIL**

	2014-15	2015-16
8 Restricted Funds	239,900	242,400

9 **(1) Environmental Education Council:** Notwithstanding KRS 224.43-
 10 505(2)(b), the Council may use interest received to support the operations of the Council.

11 **6. LIBRARIES AND ARCHIVES**

12 **a. General Operations**

	2013-14	2014-15	2015-16
14 General Fund	-0-	6,118,300	6,217,500
15 Restricted Funds	777,900	3,482,700	2,279,700
16 Federal Funds	-0-	2,148,000	2,225,400
17 TOTAL	777,900	11,749,000	10,722,600

18 **b. Direct Local Aid**

	2014-15	2015-16
20 General Fund	6,325,900	6,325,900
21 Restricted Funds	895,700	895,700
22 Federal Funds	556,600	514,500
23 TOTAL	7,778,200	7,736,100

24 **(1) Per Capita Grants:** Notwithstanding KRS 171.201(2)(b), the department
 25 shall distribute the per capita grants within the available appropriated amounts.

26 **(2) Local Records Grant Program:** Notwithstanding KRS 142.010(5), included
 27 in the above General Fund appropriation are amounts for the Local Records Grant

1 Program.

2 **(3) Collaboration with Public Entities:** The Department for Libraries and
 3 Archives shall collaborate with Kentucky's public colleges, universities, and libraries to
 4 explore alternatives to meet the archival needs of the Commonwealth.

5 **(4) Public Libraries Facilities Construction:** Included in the above General
 6 Fund appropriation is \$1,000,000 in each fiscal year for the Public Libraries Facilities
 7 Construction Fund. Notwithstanding the provisions of KRS 171.027 and 725 KAR
 8 2:015, local public libraries that currently own property, have debt service obligations, or
 9 are actively engaged in a construction project and have not been able to secure assistance
 10 from this fund due to lack of available funds shall be permitted to apply for grant funds
 11 during the 2014-2016 fiscal biennium.

12 **TOTAL - LIBRARIES AND ARCHIVES**

	2013-14	2014-15	2015-16
14 General Fund	-0-	12,444,200	12,543,400
15 Restricted Funds	777,900	4,378,400	3,175,400
16 Federal Funds	-0-	2,704,600	2,739,900
17 TOTAL	777,900	19,527,200	18,458,700

18 **7. OFFICE FOR THE BLIND**

	2014-15	2015-16
20 General Fund	1,385,100	1,413,700
21 Restricted Funds	1,176,100	1,093,800
22 Federal Funds	7,242,700	7,377,400
23 TOTAL	9,803,900	9,884,900

24 **(1) Accessible Electronic Information Service Program:** Included in the above
 25 General Fund appropriation is \$40,000 in each fiscal year for the Accessible Electronic
 26 Information Service Program.

27 **8. EMPLOYMENT AND TRAINING**

		2014-15	2015-16
1			
2	Restricted Funds	30,158,300	30,158,300
3	Federal Funds	1,123,935,300	1,127,507,300
4	TOTAL	1,154,093,600	1,157,665,600

5 **9. VOCATIONAL REHABILITATION**

		2014-15	2015-16
6			
7	General Fund	11,585,200	11,709,100
8	Restricted Funds	3,140,000	3,301,700
9	Federal Funds	44,567,600	45,251,900
10	TOTAL	59,292,800	60,262,700

11 **(1) Interpreter Services:** Included in the above General Fund appropriation is
 12 \$431,100 in each fiscal year to provide accessibility services for deaf and hard of hearing
 13 students in postsecondary education institutions.

14 **10. EDUCATION PROFESSIONAL STANDARDS BOARD**

		2014-15	2015-16
15			
16	General Fund	7,307,100	7,361,300
17	Restricted Funds	1,722,900	750,100
18	Federal Funds	201,400	205,300
19	TOTAL	9,231,400	8,316,700

20 **(1) Employment of Leadership Personnel:** Notwithstanding KRS 18A.005 to
 21 18A.200, the Education Professional Standards Board shall have the sole authority to
 22 determine the employees of the Education Professional Standards Board staff who are
 23 exempt from the classified service and to set their compensation comparable to the
 24 competitive market.

25 **(2) Kentucky Teacher Internship Program:** Notwithstanding KRS 161.030(7),
 26 the Education Professional Standards Board shall set the minimum number of hours for
 27 the activities set forth in KRS 161.030(7), subject to the availability of appropriations.

1 **(3) Kentucky Principal Internship Program:** Notwithstanding KRS 161.027,
 2 no funds are provided in the above appropriations for the operational costs of the
 3 Kentucky Principal Internship Program.

4 **TOTAL - EDUCATION AND WORKFORCE DEVELOPMENT CABINET**

	2013-14	2014-15	2015-16
6 General Fund	-0-	51,054,900	51,905,800
7 Restricted Funds	1,708,400	48,779,400	46,963,300
8 Federal Funds	-0-	1,179,311,400	1,183,422,300
9 TOTAL	1,708,400	1,279,145,700	1,282,291,400

10 **E. ENERGY AND ENVIRONMENT CABINET**

11 **Budget Units**

12 **1. SECRETARY**

	2014-15	2015-16
14 General Fund	3,290,600	3,244,400
15 Restricted Funds	1,193,600	1,298,300
16 Federal Funds	1,075,100	1,046,400
17 TOTAL	5,559,300	5,589,100

18 **(1) Administrative Support:** Any entities administratively attached to the
 19 Energy and Environment Cabinet may receive support from the appropriate budgetary
 20 unit(s) of the cabinet.

21 **2. ENVIRONMENTAL PROTECTION**

	2014-15	2015-16
23 General Fund	21,417,700	21,846,400
24 Restricted Funds	69,683,300	70,010,200
25 Federal Funds	23,702,400	23,230,900
26 Road Fund	316,400	320,900
27 TOTAL	115,119,800	115,408,400

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

4 **(2) Debt Service:** Included in the above General Fund appropriation is \$27,000 in
 5 fiscal year 2015-2016 for new debt service to support new bonds as set forth in Part II,
 6 Capital Projects Budget, of this Act.

7 **(3) Kentucky Pride Program:** Included in the above Restricted Funds
 8 appropriation is \$14,750,000 in each fiscal year for the Kentucky Pride Program.

9 **3. NATURAL RESOURCES**

	2013-14	2014-15	2015-16
11 General Fund (Tobacco)	-0-	6,000,000	-0-
12 General Fund	742,600	32,882,900	33,579,600
13 Restricted Funds	-0-	16,431,700	16,342,400
14 Federal Funds	-0-	56,091,300	56,453,100
15 TOTAL	742,600	111,405,900	106,375,100

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

24 **(2) Mine Safety:** Notwithstanding KRS 42.4592, included in the above General
 25 Fund appropriation is \$3,219,800 in each fiscal year from the Local Government
 26 Economic Development Fund for the Office of Mine Safety and Licensing.
 27 Notwithstanding KRS 351.140, the number of mandatory mine safety inspections to be

1 carried out by the Office of Mine Safety and Licensing shall be equal to the number of
 2 mine safety inspections required annually by the Mine Safety and Health Administration.

3 **(3) Conservation Districts:** Included in the above General Fund appropriation is
 4 \$950,000 in each fiscal year for the Division of Conservation to provide direct aid to local
 5 conservation districts.

6 **(4) Forestry Tree Nurseries:** Included in the above Restricted Funds
 7 appropriation is \$250,000 in each fiscal year for the Department of Natural Resources'
 8 tree nursery programs in Morgan County and Marshall County.

9 **(5) Division of Oil and Gas:** Notwithstanding KRS 42.4588, included in the
 10 above Restricted Funds appropriation is \$25,000 in each fiscal year for the Division of
 11 Oil and Gas within the Department for Natural Resources for an update of the Best
 12 Practices Manual.

13 **4. ENERGY DEVELOPMENT AND INDEPENDENCE**

	2014-15	2015-16
14 General Fund	1,344,000	1,356,600
15 Restricted Funds	2,549,500	1,847,400
16 Federal Funds	622,000	580,200
17 TOTAL	4,515,500	3,784,200

18 **(1) Energy Research and Development:** (a) Notwithstanding KRS 42.4588,
 19 included in the above Restricted Funds appropriation is \$1,584,500 in fiscal year 2014-
 20 2015 and \$1,423,800 in fiscal year 2015-2016, which shall be used, except as specified in
 21 paragraph (b) of this subsection, for research and commercialization projects including
 22 clean coal, new combustion technology, thin-seam coal extraction safety, tracking and
 23 communication devices, coal slurry disposal, synthetic natural gas produced from coal
 24 through gasification processes, and the development of alternative transportation fuels
 25 produced by processes that convert coal or biomass resources or extract oil from oil shale,
 26 and other coal research and shall be targeted solely to Kentucky's Local Government
 27

1 Economic Development Fund-eligible counties. The Department for Energy
 2 Development and Independence shall coordinate its efforts with those of Kentucky's
 3 universities and related Kentucky Community and Technical College System programs in
 4 order to maximize Kentucky's opportunities for federal funding and receive research
 5 grants and awards from federal and other sources of funding for the development of clean
 6 coal technology, coal-to-liquid-fuel conversion, alternate transportation fuels, and
 7 biomass energy resources.

8 (b) Included in the Restricted Funds appropriation in paragraph (a) of this
 9 subsection is \$1,000,000 in each fiscal year which shall not be expended unless matched
 10 with federal or private funds for the purpose of supporting research and development
 11 activities at the University of Kentucky Center for Applied Energy Research.

12 **5. KENTUCKY NATURE PRESERVES COMMISSION**

	2014-15	2015-16
13		
14	1,061,700	1,086,400
15	369,900	357,400
16	55,000	56,200
17	1,486,600	1,500,000

18 **6. PUBLIC SERVICE COMMISSION**

	2014-15	2015-16
19		
20	17,000,000	17,000,000
21	223,100	223,100
22	227,700	236,900
23	17,450,800	17,460,000

24 **(1) Debt Service:** Included in the above General Fund appropriation is \$589,000
 25 in each fiscal year for debt service for previously issued bonds.

26 **(2) Lapse of General Fund Appropriation Balance:** Notwithstanding KRS
 27 278.150(3), \$7,213,600 in fiscal year 2014-2015 and \$7,068,000 in fiscal year 2015-2016

1 shall lapse to the credit of the General Fund.

2 **(3) Water Districts and Water Associations:** A water district created pursuant
 3 to KRS Chapter 74 and a water association formed under KRS Chapter 273 that
 4 undertakes a waterline extension or improvement project shall not be required to obtain a
 5 certificate of public convenience and necessity, notwithstanding KRS 278.020(1), if the
 6 water district or water association is a Class A or B utility as defined in the Uniform
 7 System of Accounts established by the Public Service Commission, pursuant to KRS
 8 278.220, as the system of accounts prescribed for utilities in Kentucky, and either: (a) The
 9 water line extension or improvement project will not cost in excess of \$500,000; or (b)
 10 The water district or water association will not, as a result of the water line extension or
 11 improvement project, incur obligations requiring Public Service Commission approval
 12 pursuant to KRS 278.300. In either case, the water district or water association shall not,
 13 as a result of the water line extension or improvement project, increase rates to its
 14 customers.

15 **TOTAL - ENERGY AND ENVIRONMENT CABINET**

	2013-14	2014-15	2015-16
16 General Fund (Tobacco)	-0-	6,000,000	-0-
17 General Fund	742,600	76,996,900	78,113,400
18 Restricted Funds	-0-	90,451,100	90,078,800
19 Federal Funds	-0-	81,773,500	81,603,700
20 Road Fund	-0-	316,400	320,900
21 TOTAL	742,600	255,537,900	250,116,800

22 **F. FINANCE AND ADMINISTRATION CABINET**

23 **Budget Units**

24 **1. GENERAL ADMINISTRATION**

	2014-15	2015-16
25 General Fund	9,794,100	10,416,900

1	Restricted Funds	33,301,200	35,014,200
2	Federal Funds	3,177,000	3,177,000
3	Road Fund	422,900	429,000
4	TOTAL	46,695,200	49,037,100

5 **(1) Debt Service:** Included in the above General Fund appropriation is
6 \$1,271,500 in fiscal year 2014-2015 and \$3,083,000 in fiscal year 2015-2016 for new
7 debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this
8 Act.

9 **(2) State Motor Vehicle Fleet:** The Secretary of the Finance and Administration
10 Cabinet shall restrict permanently assigned vehicles to only Constitutional Officers, the
11 Court of Justice, Executive Cabinet Secretaries, law enforcement, or for other public
12 safety purposes. A report listing the recipients of permanently assigned vehicles from the
13 State Motor Vehicle Fleet shall be submitted to the Interim Joint Committee on
14 Appropriations and Revenue by August 1 of each fiscal year.

15 **(3) Kentucky State University Health Initiative Trust Fund:** Included in the
16 above General Fund appropriation is \$50,000 in fiscal year 2014-2015 for the Kentucky
17 State University health initiative trust fund.

18 **(4) Rupp Arena/Lexington Convention Center:** Included in the above General
19 Fund appropriation is \$1,500,000 in fiscal year 2014-2015 for the Rupp Arena/Lexington
20 Convention Center project. The Lexington-Fayette Urban County Government shall
21 provide a cash match of \$1,500,000 prior to any funds being disbursed. These funds are
22 provided for expenses including architect and engineering fees, preconstruction planning,
23 development, and other appropriate costs associated with the project. This permits all
24 parties involved to finalize a viable financing plan. It is the intent of the General
25 Assembly to advance this project when all financing components of the project are
26 identified, secured, and in the public domain. There are sufficient dollars in the Budget
27 Reserve Trust Fund Account (KRS 48.705) to support debt service on any such project

1 authorized by the General Assembly during the 2014-2016 fiscal biennium.

2 **2. CONTROLLER**

	2014-15	2015-16
4 General Fund	5,914,100	5,984,000
5 Restricted Funds	8,855,000	9,082,400
6 TOTAL	14,769,100	15,066,400

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

12 **3. DEBT SERVICE**

	2014-15	2015-16
14 General Fund (Tobacco)	30,570,000	30,657,000
15 General Fund	425,439,600	424,920,500
16 TOTAL	456,009,600	455,577,500

17 **(1) General Fund (Tobacco) Debt Service Lapse:** Notwithstanding Part X (4)
18 of this Act, \$2,179,500 in fiscal year 2014-2015 and \$2,179,500 in fiscal year 2015-2016
19 shall lapse.

20 **4. FACILITIES AND SUPPORT SERVICES**

	2014-15	2015-16
22 General Fund	5,618,900	6,129,300
23 Restricted Funds	42,084,600	42,398,800
24 TOTAL	47,703,500	48,528,100

25 **(1) Debt Service:** Included in the above General Fund appropriation is \$274,000
26 in fiscal year 2014-2015 and \$673,500 in fiscal year 2015-2016 for new debt service to
27 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

1 **5. COUNTY COSTS**

	2014-15	2015-16
3 General Fund	15,897,000	15,897,000
4 Restricted Funds	1,702,500	1,702,500
5 TOTAL	17,599,500	17,599,500

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

11 **(2) Reimbursement to Sheriffs' Offices for Court Security Services:**
 12 Notwithstanding KRS 64.092(6), the sheriff or other law enforcement officer serving a
 13 Circuit or District Court shall be compensated at the rate of \$9 per hour of service.

14 **6. COMMONWEALTH OFFICE OF TECHNOLOGY**

	2014-15	2015-16
16 Restricted Funds	137,028,000	137,504,500
17 Federal Funds	1,991,000	1,991,000
18 TOTAL	139,019,000	139,495,500

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

24 **7. REVENUE**

	2014-15	2015-16
26 General Fund (Tobacco)	250,000	250,000
27 General Fund	86,332,200	87,642,700

1	Restricted Funds	14,064,800	11,479,500
2	Road Fund	2,912,800	2,970,600
3	TOTAL	103,559,800	102,342,800

4 **(1) Operations of Revenue:** Notwithstanding KRS 132.672, 134.552(2),
5 136.652, and 365.390(2), funds may be expended in support of the operations of the
6 Department of Revenue.

7 **8. PROPERTY VALUATION ADMINISTRATORS**

8		2014-15	2015-16
9	General Fund	42,342,900	43,555,500

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

13 **TOTAL - FINANCE AND ADMINISTRATION CABINET**

14		2014-15	2015-16
15	General Fund (Tobacco)	30,820,000	30,907,000
16	General Fund	591,338,800	594,545,900
17	Restricted Funds	237,036,100	237,181,900
18	Federal Funds	5,168,000	5,168,000
19	Road Fund	3,335,700	3,399,600
20	TOTAL	867,698,600	871,202,400

21 **G. HEALTH AND FAMILY SERVICES CABINET**

22 **Budget Units**

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

24		2014-15	2015-16
25	General Fund	28,450,600	29,028,600
26	Restricted Funds	13,865,600	16,900,200
27	Federal Funds	50,572,900	42,809,700

1 TOTAL 92,889,100 88,738,500

2 (1) Human Services Transportation Delivery: Notwithstanding KRS 281.014,
3 the Kentucky Works Program shall not participate in the Human Services Transportation
4 Delivery Program or the Coordinated Transportation Advisory Committee.

5 (2) Debt Service: Included in the above General Fund appropriation is \$105,000
6 in fiscal year 2014-2015 and \$315,000 in fiscal year 2015-2016 for new debt service to
7 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

8 (3) Federally Funded Positions: Notwithstanding KRS 18A.010(2) and any
9 provisions of this Act to the contrary, direct service units of the Office of Inspector
10 General, Department for Income Support, Commission for Children with Special Health
11 Care Needs, Department for Community Based Services, Department for Behavioral
12 Health, Developmental and Intellectual Disabilities, and the Department for Public Health
13 shall be authorized to establish and fill such positions that are 100 percent federally
14 funded for salary and fringe benefits.

15 (4) Reallocation of Appropriations Among Budget Units: The Secretary of the
16 Cabinet for Health and Family Services shall operate the Cabinet within the
17 appropriations for the Cabinet authorized in this Act. The Secretary may request a
18 revision or reallocation among the departments and offices of the Cabinet up to ten
19 percent of the General Fund or Restricted Funds appropriations contained in Part I,
20 Operating Budget, of this Act for fiscal years 2014-2015 and 2015-2016 for approval by
21 the State Budget Director. No request shall relate to moneys in a fiduciary fund account.
22 A request shall explain the need and use for the transfer authority under this subsection.

23 2. COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE
24 NEEDS

	2014-15	2015-16
25 General Fund	5,401,500	5,587,200
26 Restricted Funds	6,970,800	6,970,800

1	Federal Funds	4,566,100	4,566,100
2	TOTAL	16,938,400	17,124,100

3 **3. MEDICAID SERVICES**

4 **a. Medicaid Administration**

		2014-15	2015-16
5			
6	General Fund	33,314,500	33,398,600
7	Restricted Funds	16,770,300	17,400,000
8	Federal Funds	77,311,300	77,709,900
9	TOTAL	127,396,100	128,508,500

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

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

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

22 **(2) Medicaid Service Category Expenditure Information:** No Medicaid
 23 managed care contract shall be valid and no payment to a Medicaid managed care vendor
 24 by the Finance and Administration Cabinet or the Cabinet for Health and Family Services
 25 shall be made, unless the Medicaid managed care contract contains a provision that the
 26 contractor shall collect Medicaid expenditure data by the categories of services paid for
 27 by the Medicaid Program. Actual statewide Medicaid expenditure data by all categories

1 of Medicaid services including mandated and optional Medicaid services, special
2 expenditures/offsets, and Disproportionate Share Hospital payments by type of hospital,
3 shall be compiled by the Department for Medicaid Services for all Medicaid providers
4 and forwarded to the Interim Joint Committee on Appropriations and Revenue on a
5 quarterly basis. Projections of Medicaid expenditures by categories of Medicaid services
6 shall be provided to the Interim Joint Committee on Appropriations and Revenue upon
7 request.

8 **b. Medicaid Benefits**

	2013-14	2014-15	2015-16
9 General Fund	-0-	1,525,524,400	1,578,193,200
10 Restricted Funds	55,911,100	500,154,700	466,936,000
11 Federal Funds	751,450,800	5,914,098,100	6,217,178,100
12 TOTAL	807,361,900	7,939,777,200	8,262,307,300

14 **(1) Carry Forward of General Fund Appropriation Balance:** Notwithstanding
15 KRS 45.229, any General Fund appropriation unexpended in fiscal year 2013-2014 and
16 fiscal year 2014-2015 shall not lapse but shall be carried forward into the next fiscal year.

17 **(2) Disproportionate Share Hospital Program:** Hospitals shall report indigent
18 inpatient and outpatient care for which, under federal law, the hospital is eligible to
19 receive disproportionate share payments. Disproportionate Share Hospital payments shall
20 equal the maximum amounts established by federal law. Notwithstanding KRS 205.641,
21 the disproportionate share factor for hospitals in fiscal years 2014-2015 and 2015-2016
22 shall be the same disproportionate share factor for the hospitals established as the final
23 fiscal year 2013-2014 disproportionate share factor. In the interim, based upon the Center
24 for Medicare and Medicaid Services’ revised rules for the Disproportionate Share
25 Hospital Program, the hospitals shall work with the Cabinet for Health and Family
26 Services to develop or select a method for determining the hospital share factor.

27 **(3) Hospital Indigent Patient Billing:** Hospitals shall not bill patients for

1 services if the services have been reported to the Cabinet and the hospital has received
2 disproportionate share payments for the specific services.

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

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

19 **(6) Medicaid Budget Analysis Reports:** The Department for Medicaid Services
20 shall submit a quarterly budget analysis report to the Interim Joint Committee on
21 Appropriations and Revenue no later than 75 days after the quarter's end. The report shall
22 provide monthly detail of actual expenditures, eligibles, and average monthly cost per
23 eligible by eligibility category along with current trailing 12-month averages for each of
24 these figures. The report shall also provide actual figures for all categories of noneligible-
25 specific expenditures such as Supplemental Medical Insurance premiums, Kentucky
26 Patient Access to Care, nonemergency transportation, drug rebates, cost settlements, and
27 Disproportionate Share Hospital payments by type of hospital. The report shall compare

1 the actual expenditure experience with those underlying the enacted or revised enacted
2 budget and explain any significant variances which may occur.

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

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

22 **(9) Critical Access Hospitals:** Beginning with the effective date of this Act
23 through June 30, 2016, no acute care hospital shall convert to a critical access hospital
24 unless the hospital has either received funding for a feasibility study from the Kentucky
25 State Office of Rural Health or filed a written request by January 1, 2014, with the
26 Kentucky State Office of Rural Health requesting funding for conducting a feasibility
27 study.

1 **(10) Medicaid Copayments:** Notwithstanding KRS 205.6312, the Department for
2 Medicaid Services may impose copayments for services rendered to Medicaid recipients
3 not to exceed the amounts permitted by federal law.

4 **(11) KCHIP Premium Suspension:** Notwithstanding KRS 205.6485(1)(c),
5 KCHIP premiums are suspended for the 2014-2016 biennium.

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

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

27 **(13) Appeals:** An appeal from denial of a service or services provided by a

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

10 **(14) Waiver Slots:** Included in the above appropriation are the necessary funds to
11 support the phase-in of the following additional waiver slots:

12 (a) Supports for Community Living - 200 additional slots in fiscal year 2014-2015
13 and 240 additional slots in fiscal year 2015-2016 for a total of 440 new slots added over
14 the 2014-2016 fiscal biennium;

15 (b) Acquired Brain Injury - 90 additional acute care slots and 60 additional long-
16 term care slots for a total of 150 additional slots in fiscal year 2014-2015 and 93
17 additional acute care slots and 60 additional long-term care slots for a total of 153
18 additional slots in fiscal year 2015-2016 for a total of 303 new slots added over the 2014-
19 2016 fiscal biennium; and

20 (c) Michelle P - 250 additional slots in each fiscal year for a total of 500 new slots
21 added over the 2014-2016 fiscal biennium.

22 **(15) Medicaid Pharmacy:** Notwithstanding KRS 205.6312(4), a pharmacy
23 provider participating in the Medical Assistance Program or a pharmacy provider serving
24 Kentucky Medicaid recipients through a Medicaid Managed Care Organization shall not
25 be required to serve an eligible recipient if the recipient does not make the required
26 copayment at the time of service. An exception to this provision shall be an encounter
27 when a recipient presents a condition which could result in harm to the recipient if left

1 untreated, in which case the pharmacist shall dispense a 72-hour emergency supply of the
 2 required medicine. The recipient may then return to the pharmacy with the necessary
 3 copayment to obtain the remainder of the prescription. Only one dispensing fee shall be
 4 paid by the Cabinet for the provision of both the emergency supply and the remainder of
 5 the prescription. The Medicaid Managed Care Organization shall determine its policies
 6 with respect to dispensing fees.

7 **(16) Evaluation of Indigent Care:** The Cabinet for Health and Family Services
 8 ~~[and the University of Louisville] shall [collaborate to]~~ conduct an annual study of the
 9 effect of the reduction in contributions to the Quality and Charity Care Trust on the
 10 delivery of indigent care in Jefferson County. The Cabinet for Health and Family
 11 Services ~~[and the University of Louisville]~~ shall submit a report containing the results of
 12 this study to the Interim Joint Committee on Appropriations and Revenue by June 1 of
 13 each fiscal year.

14 **TOTAL - MEDICAID SERVICES**

	2013-14	2014-15	2015-16
15 General Fund	-0-	1,558,838,900	1,611,591,800
16 Restricted Funds	55,911,100	516,925,000	484,336,000
17 Federal Funds	751,450,800	5,991,409,400	6,294,888,000
18 TOTAL	807,361,900	8,067,173,300	8,390,815,800

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

	2014-15	2015-16
22 General Fund (Tobacco)	891,400	891,400
23 General Fund	202,604,500	194,854,000
24 Restricted Funds	227,448,600	227,701,500
25 Federal Funds	38,661,300	36,877,500
26 TOTAL	469,605,800	460,324,400

1 **(1) Disproportionate Share Hospital Funds:** Mental health disproportionate
2 share funds are budgeted at the maximum amounts permitted by Section 1923(f) of the
3 Social Security Act. Upon publication in the Federal Register of the Annual Institutions
4 for Mental Disease (IMD) Disproportionate Share Hospital (DSH) limit, 92.3 percent of
5 the federal IMD DSH limit goes to the state-operated mental hospitals.

6 **(2) Lease Payments for Eastern State Hospital:** Included in the above General
7 Fund appropriation is \$10,928,800 in fiscal year 2014-2015 and \$10,927,500 in fiscal
8 year 2015-2016 to make lease payments to the Lexington-Fayette Urban County
9 Government to retire its debt for the construction of the new facility.

10 **(3) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)
11 appropriation is \$891,400 in each fiscal year for substance abuse prevention and
12 treatment for pregnant women with a history of substance abuse problems.

13 **(4) Regional Mental Health/Mental Retardation Boards Retirement Cost**
14 **Increase:** Included in the above General Fund appropriation is a total of \$24,825,700 in
15 each fiscal year for Regional Mental Health/Mental Retardation Boards to assist them
16 with employer contributions for the Kentucky Employees Retirement System. Of that
17 amount, \$19,638,200 is to fully fund the increase in employer contribution rates in both
18 fiscal years for those Regional Mental Health/Mental Retardation Boards that are
19 currently participating in the Kentucky Employees Retirement System. In July and
20 January of each year the Department for Behavioral Health, Intellectual and
21 Developmental Disabilities shall obtain the total creditable compensation reported by
22 each Regional Mental Health/Mental Retardation Board to the Kentucky Retirement
23 System and utilize that number to determine how much of this total appropriation shall be
24 distributed to each Regional Mental Health/Mental Retardation Board. Payments to the
25 Mental Health/Mental Retardation Boards shall be made on September 1 and April 1 of
26 each fiscal year.

27 **5. PUBLIC HEALTH**

	2014-15	2015-16
1		
2 General Fund (Tobacco)	14,066,300	13,383,800
3 General Fund	68,820,000	71,111,300
4 Restricted Funds	97,016,400	97,160,000
5 Federal Funds	199,916,700	186,493,400
6 TOTAL	379,819,400	368,148,500

7 **(1) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)
8 appropriation is \$9,000,000 in each fiscal year for the Health Access Nurturing
9 Development Services Program, \$1,000,000 in each fiscal year for Healthy Start
10 initiatives, \$80,000 in each fiscal year for Folic Acid Program, \$1,000,000 in each fiscal
11 year for Early Childhood Mental Health, \$500,000 in each fiscal year for Early Childhood
12 Oral Health, and \$2,486,300 in fiscal year 2014-2015 and \$1,803,800 in fiscal year 2015-
13 2016 for Smoking Cessation.

14 **(2) Local and District Health Department Retirement Cost Increase:** Included
15 in the above General Fund appropriation is a total of \$17,909,700 in each fiscal year for
16 Local and District Health Departments to assist them with employer contributions for the
17 Kentucky Employees Retirement System. Of that amount, \$14,615,600 is to fully fund
18 the increase in employer contribution rates in both fiscal years. In July and January of
19 each year the Department for Public Health shall obtain the total creditable compensation
20 reported by each Local and District Health Department Board to the Kentucky Retirement
21 System and utilize that number to determine how much of this total appropriation shall be
22 distributed to each Department. Payments to the Departments shall be made on
23 September 1 and April 1 of each fiscal year.

24 **(3) Debt Service:** Included in the above General Fund appropriation is \$212,500
25 in fiscal year 2014-2015 and \$425,000 in fiscal year 2015-2016 for new debt service to
26 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

27 **(4) Local and District Health Department Payments:** The Department for

1 Public Health shall not interfere with the ability of a local or district health department to
 2 receive reimbursement for services provided. The Department for Public Health shall
 3 submit to the Department for Medicaid Services and the Medicaid Managed Care
 4 Organizations all requests for payment for services received from a local or district health
 5 department.

6 **(5) Diabetes Services:** Included in the above General Fund appropriation is
 7 \$2,600,000 in each fiscal year for continuation of base services through Local and District
 8 Health Departments.

9 **6. HEALTH POLICY**

	2014-15	2015-16
11 General Fund	448,000	455,400
12 Restricted Funds	809,800	818,300
13 TOTAL	1,257,800	1,273,700

14 **(1) Health Facility Licensing:** Notwithstanding any statute to the contrary, the
 15 document required under KRS 216B.015(28) shall contain a utilization-based need
 16 methodology which accounts for all sites of service in the review of applications
 17 proposing the establishment of a health facility to be licensed under 902 KAR 20:106.

18 **7. FAMILY RESOURCE CENTERS AND VOLUNTEER SERVICES**

	2014-15	2015-16
20 General Fund	1,466,400	1,479,300
21 Restricted Funds	41,300	-0-
22 Federal Funds	3,069,100	3,069,100
23 TOTAL	4,576,800	4,548,400

24 **(1) Family Resource Centers and Volunteer Services:** Included in the above
 25 General Fund appropriation is an additional \$1,000,000 in each fiscal year for operational
 26 costs.

27 **8. INCOME SUPPORT**

	2014-15	2015-16
1		
2	General Fund	8,225,700
3	Restricted Funds	15,980,600
4	Federal Funds	78,417,200
5	TOTAL	102,623,500

6 **9. COMMUNITY BASED SERVICES**

	2014-15	2015-16
7		
8	General Fund (Tobacco)	8,715,000
9	General Fund	391,634,800
10	Restricted Funds	150,258,000
11	Federal Funds	492,199,000
12	TOTAL	1,042,806,800

13 **(1) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)
14 appropriation is \$8,715,000 in each fiscal year for the Early Childhood Development
15 Program.

16 **(2) Contracted Entities Retirement Cost Increase:** Included in the above
17 General Fund appropriation is \$532,500 in each fiscal year for domestic violence shelters,
18 \$104,700 in each fiscal year for rape crisis centers, and \$199,700 in each fiscal year for
19 child advocacy centers to fully fund the increase in employer contribution rates for the
20 Kentucky Employees Retirement System.

21 **(3) Child Care Restoration:** Included in the above General Fund appropriation is
22 \$38,682,500 in fiscal year 2014-2015 and \$58,132,000 in fiscal year 2015-2016 to
23 restore Child Care Assistance Program services.

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

27 **(5) Domestic Violence Shelters:** Included in the above General Fund

1 appropriation is \$250,000 in each fiscal year for operational costs.

2 **(6) Rape Crisis Centers:** Included in the above General Fund appropriation is
 3 \$250,000 in each fiscal year for operational costs.

4 **(7) Private Child Caring Agencies Reimbursement Rates:** Included in the
 5 above appropriation is \$3,000,000 in General Fund moneys, \$2,186,700 in Restricted
 6 Funds, and \$490,200 in Federal Funds in each fiscal year to increase reimbursement rates
 7 to private child caring agencies for residential services provided to children leveled IV
 8 and leveled V, beginning July 1, 2014.

9 **(8) Private Child Placing Agencies Reimbursement Rates:** Included in the
 10 above appropriation is \$5,000,000 in General Fund moneys, \$3,644,500 in Restricted
 11 Funds, and \$817,000 in Federal Funds in each fiscal year to increase reimbursement rates
 12 for private child placing agencies for therapeutic foster care services provided to children
 13 in the level of care system to support a reduction of children in residential care and
 14 increase community-based treatment in more home-like settings beginning July 1, 2014.

15 **(9) Family and Children's Place:** Included in the above General Fund
 16 appropriation is \$50,000 in each fiscal year to continue current services at Family and
 17 Children's Place in Louisville, Kentucky.

18 **(10) Early Intervention Services:** Included in the above General Fund
 19 appropriation is \$100,000 in each fiscal year to the Madison County Fiscal Court for early
 20 intervention services.

21 **10. AGING AND INDEPENDENT LIVING**

	2014-15	2015-16
22 General Fund	44,702,900	45,252,100
23 Restricted Funds	2,869,300	2,489,300
24 Federal Funds	24,829,300	24,829,300
25 TOTAL	72,401,500	72,570,700

26 **(1) Local Match Requirements:** Notwithstanding KRS 205.460, entities
 27

1 contracting with the Cabinet for Health and Family Services to provide essential services
 2 under KRS 205.455 and 205.460 shall provide local match equal to or greater than the
 3 amount in effect during fiscal year 2013-2014. Local match may include any combination
 4 of materials, commodities, transportation, office space, personal services, or other types
 5 of facility services or funds. The Secretary of the Cabinet for Health and Family Services
 6 shall prescribe the procedures to certify the local match assurance.

7 **11. HEALTH BENEFIT EXCHANGE**

	2014-15	2015-16
8		
9	14,021,200	23,404,900
10	19,916,200	3,483,400
11	33,937,400	26,888,300

12 **(1) Kentucky Access Program:** Any trailing claims for the Kentucky Access
 13 Program during the 2014-2016 fiscal biennium shall be deemed a necessary governmental
 14 expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the
 15 Budget Reserve Trust Account (KRS 48.705), subject to the conditions and procedures
 16 provided in this Act.

17 **TOTAL - HEALTH AND FAMILY SERVICES CABINET**

	2013-14	2014-15	2015-16
18			
19	-0-	23,672,700	22,990,200
20	-0-	2,310,593,300	2,382,166,800
21	55,911,100	1,046,206,600	1,028,597,500
22	751,450,800	6,903,557,200	7,179,243,100
23	807,361,900	10,284,029,800	10,612,997,600

24 **H. JUSTICE AND PUBLIC SAFETY CABINET**

25 **Budget Units**

26 **1. JUSTICE ADMINISTRATION**

	2014-15	2015-16
27		

1	General Fund (Tobacco)	1,700,200	1,241,100
2	General Fund	11,095,700	11,210,300
3	Restricted Funds	3,893,500	3,814,600
4	Federal Funds	11,135,600	11,135,600
5	TOTAL	27,825,000	27,401,600

6 **(1) Operation Unite:** Included in the above Restricted Funds appropriation is
7 \$2,000,000 in each fiscal year for Operation Unite.

8 **(2) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)
9 appropriation is \$1,700,200 in fiscal year 2014-2015 and \$1,241,100 in fiscal year 2015-
10 2016 for the Office of Drug Control Policy.

11 **(3) Kentucky Legal Education Opportunity Program:** Included in the above
12 General Fund appropriation is \$250,000 in each fiscal year for the Kentucky Legal
13 Education Opportunity Program. All Kentucky law schools may participate in the
14 program, but the summer institute shall be held on the campus of the University of
15 Kentucky.

16 **(4) Madisonville Medical Examiner's Office:** Included in the above General
17 Fund appropriation is \$327,200 in each fiscal year for the operation of the Madisonville
18 Medical Examiner's Office. The office shall not be relocated or closed during the 2014-
19 2016 biennium.

20 **(5) Court Appointed Special Advocates:** Included in the above General Fund
21 appropriation is \$25,000 in fiscal year 2014-2015 for Court Appointed Special Advocates
22 in Hardin County.

23 **(6) Public Safety First Programs:** Included in the appropriations for the Justice
24 and Public Safety Cabinet is \$1,100,000 in each fiscal year for Public Safety First
25 programs. Expenditure of these funds may be from a combination of any of the following
26 appropriation units: Justice Administration, State Police, Corrections Management, Adult
27 Correctional Institutions, and Community Services and Local Facilities.

1 **2. CRIMINAL JUSTICE TRAINING**

	2014-15	2015-16
3 Restricted Funds	52,052,000	51,900,000
4 Federal Funds	188,000	140,000
5 TOTAL	52,240,000	52,040,000

6 **(1) Kentucky Law Enforcement Foundation Program Fund:** Included in the
 7 above Restricted Funds appropriation is \$50,847,900 in fiscal year 2014-2015 and
 8 \$50,687,100 in fiscal year 2015-2016 for the Kentucky Law Enforcement Foundation
 9 Program Fund.

10 **(2) Training Incentive Payments:** Notwithstanding KRS 15.460(1), included in
 11 the above Restricted Funds appropriation is \$3,100 in each fiscal year for each participant
 12 for training incentive payments.

13 **(3) Training Incentive Stipends Expansion to Other Peace Officers:**
 14 Notwithstanding KRS 15.410, 15.420(2), 15.440(1), 15.460(1), and 15.470(2) and (4),
 15 included in the above Restricted Funds appropriation is sufficient funding for a \$3,100
 16 annual training incentive stipend and associated fringe benefit costs for Kentucky state
 17 troopers, Kentucky State Police arson investigators, Kentucky State Police hazardous
 18 device investigators, Kentucky State Police legislative security specialists, and Kentucky
 19 vehicle enforcement officers from the Kentucky Law Enforcement Foundation Program
 20 Fund.

21 **3. JUVENILE JUSTICE**

	2013-14	2014-15	2015-16
23 General Fund	-0-	81,507,800	83,322,700
24 Restricted Funds	980,000	10,490,200	10,161,300
25 Federal Funds	-0-	11,705,800	11,705,800
26 TOTAL	980,000	103,703,800	105,189,800

27 **(1) Local Prevention Programs:** Included in the above General Fund

1 appropriation is \$100,000 in each fiscal year for distribution to local juvenile delinquency
 2 prevention programs.

3 **(2) Leasing Authority:** The Department of Juvenile Justice is hereby authorized
 4 to lease the former Laurel County Regional Juvenile Detention Center to a qualified
 5 provider of mental health services. The leasing process shall be in compliance with all
 6 appropriate statutes, administrative regulations, and procurement policies.

7 **4. STATE POLICE**

	2013-14	2014-15	2015-16
8 General Fund	7,225,400	74,315,600	75,788,600
9 Restricted Funds	-0-	22,704,100	22,766,200
10 Federal Funds	-0-	11,562,000	11,562,000
11 Road Fund	-0-	95,745,500	96,845,800
12 TOTAL	7,225,400	204,327,200	206,962,600

13
 14 **(1) Call to Extraordinary Duty:** There is appropriated from the General Fund to
 15 the Department of Kentucky State Police, subject to the conditions and procedures
 16 provided in this Act, funds which are required as a result of the Governor's call of the
 17 Kentucky State Police to extraordinary duty when an emergency situation has been
 18 declared to exist by the Governor. Funding is authorized to be provided from the General
 19 Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS
 20 48.705).

21 **(2) State Police and Vehicle Enforcement Personnel Training Incentive:**
 22 Included in the above Restricted Funds appropriation is sufficient funding for a \$3,100
 23 annual training incentive stipend for state troopers, arson investigators, hazardous devices
 24 investigators, legislative security specialists, and vehicle enforcement officers from the
 25 Kentucky Law Enforcement Foundation Program Fund.

26 **(3) Restricted Funds Uses:** Notwithstanding KRS 42.320(2)(h), 65.7631,
 27 189A.050(3)(a), 237.110(18), and 281A.160(2)(b), funds are included in the above

1 Restricted Funds appropriation to maintain the operations and administration of the
 2 Kentucky State Police.

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

6 **(5) Debt Service:** Included in the above General Fund appropriation is \$258,000
 7 in fiscal year 2014-2015 and \$516,000 in fiscal year 2015-2016 for new debt service to
 8 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

9 **(6) Trooper R Class Officers:** Included in the above General Fund appropriation
 10 is \$884,400 in each fiscal year to support 15 Trooper R Class officers.

11 **5. CORRECTIONS**

12 **a. Corrections Management**

	2014-15	2015-16
14 General Fund	9,459,200	9,634,800
15 Restricted Funds	300,000	300,000
16 Federal Funds	304,900	75,000
17 TOTAL	10,064,100	10,009,800

18 **(1) Appropriations Adjustments:** The General Assembly has determined that
 19 the Department of Corrections shall be permitted to adjust appropriations between the
 20 Community Services and Local Facilities budget unit and the Adult Correctional
 21 Institutions budget unit in each fiscal year. Only adjustments necessary to manage the
 22 diverse mix of inmate classifications, custody levels, probation and parole caseloads, and
 23 population increases or decreases shall be permitted. Any appropriations transferred or
 24 otherwise directed between these appropriation units shall be documented and justified in
 25 writing. No adjustments may be made except upon the prior written concurrence of the
 26 State Budget Director. The State Budget Director shall report the adjustments and the
 27 necessity of the adjustments to the Interim Joint Committee on Appropriations and

1 Revenue.

2 **(2) Jailer Mental Health Screening Training:** The Kentucky Commission on
 3 Services and Supports for Individuals with Mental Illness, Alcohol and Other Drug Abuse
 4 Disorders, and Dual Diagnoses shall, in its annual review of the Commission plan,
 5 include in its duties recommendations for improvements in identifying, treating, housing,
 6 and transporting prisoners in jails and juveniles in detention centers with mental illness.
 7 Items to be reviewed shall include but not be limited to recommendations for statutory
 8 and regulatory changes, training and treatment funding, cost sharing, housing and
 9 transportation costs, appropriate treatment sites, and training requirements for local jailers
 10 and other officers of the court who may come in contact with persons incarcerated or in
 11 detention but deemed mentally ill.

12 The training shall continue to be delivered by Regional Mental Health/Mental
 13 Retardation Board staff to new jailers and new jail staff, except administrative support, on
 14 screening and responding to the needs of inmates with mental illness within six months of
 15 employment. Treatment services may also be provided for within this funding allocation.

16 **b. Adult Correctional Institutions**

	2014-15	2015-16
17 General Fund	244,855,800	247,866,500
18 Restricted Funds	17,252,800	17,431,600
19 Federal Funds	1,805,500	521,500
20 TOTAL	263,914,100	265,819,600

21 **(1) Debt Service:** Included in the above General Fund appropriation is \$115,500
 22 in fiscal year 2014-2015 and \$346,500 in fiscal year 2015-2016 for new debt service to
 23 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

24 **(2) Transfer to State Institutions:** Notwithstanding KRS 532.100(7), state
 25 prisoners, excluding the Class C and Class D felons, qualifying to serve time in county
 26 jails, may be transferred to a state institution within 90 days of final sentencing, if the
 27

1 county jail does not object to the additional 45 days.

2 **(3) Expenditure of Savings for Substance Abuse Treatment:** Included in the
 3 above General Fund appropriation is \$6,763,400 in each fiscal year for substance abuse
 4 programs.

5 **(4) Canteen Fund Proceeds:** The Department of Corrections shall file annual
 6 reports with the Interim Joint Committee on Appropriations and Revenue detailing the
 7 revenues and expenditures from the Canteen Fund for each state-operated prison, private
 8 prison, and the central office of the Department. The report shall be due September 1 of
 9 each year.

10 **c. Community Services and Local Facilities**

	2014-15	2015-16
11 General Fund	193,852,700	198,678,300
12 Restricted Funds	5,830,000	5,830,000
13 Federal Funds	962,800	364,600
14 TOTAL	200,645,500	204,872,900

15
 16 **(1) Excess Local Jail Per Diem Costs:** In the event that actual local jail per diem
 17 payments exceed the amounts provided to support the budgeted average daily population
 18 of state felons in county jails for each fiscal year, the payments shall be deemed necessary
 19 government expenses and may be paid from the General Fund Surplus Account (KRS
 20 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705), subject to notification
 21 as to necessity and amount by the State Budget Director who shall report any certified
 22 expenditure to the Interim Joint Committee on Appropriations and Revenue.

23 **(2) Local Jails Funding:** Notwithstanding KRS 441.605 to 441.695, funds in the
 24 amount of \$2,800,000 in each fiscal year shall be expended from the Kentucky Local
 25 Correctional Facilities Construction Authority for local correctional facility and
 26 operational support consistent with contractual covenants in accordance with bond
 27 indentures of the Authority.

1 **(3) Pilot Project - Conditional Parole for Infirm Inmates:** (a) Upon
 2 certification by the Commissioner of the Department of Corrections that a prisoner is
 3 otherwise eligible for medical parole in accordance with paragraph (b) of this subsection,
 4 the Parole Board shall grant medical parole. The Parole Board shall take action within 30
 5 days of receipt of a certification from the Commissioner.

6 (b) A prisoner who is physically or mentally debilitated, incapacitated, or infirm
 7 as a result of advanced age, chronic illness, or disease is eligible for medical parole if:

8 1. The prisoner was not convicted of a capital offense and sentenced to death or
 9 was not convicted of a sex crime;

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

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

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

15 (c) Individuals paroled under this subsection shall be paroled to a health facility
 16 in the Commonwealth, giving due regard to public safety.

17 (d) A parolee granted medical parole under this subsection shall be returned to the
 18 custody of the Department of Corrections if the Commissioner determines that the
 19 parolee no longer meets the requirements of paragraph (b) of this subsection.

20 (e) The Commissioner shall provide a report to the Interim Joint Committee on
 21 Appropriations and Revenue by January 5, 2016, concerning the pilot project. The report
 22 shall include the number of persons paroled, the identification of the residential facilities
 23 utilized, an estimate of cost savings as a result of the project, and any other relevant
 24 material to assist the General Assembly in assessing the value of continuing and
 25 expanding the project.

26 ~~[(f) Any identified savings shall be transferred to the Budget Reserve Trust Fund~~
 27 ~~Account (KRS 48.705).]~~

1 (g) The Cabinet for Health and Family Services and the Justice and Public Safety
 2 Cabinet are directed to provide all needed assistance and support in seeking and securing
 3 approval from the U.S. Department of Health and Human Services for the maximum
 4 reimbursement of federal assistance, including Medicaid funds, for the provision of
 5 health care services to qualifying infirm inmates.

6 **d. Local Jail Support**

	2014-15	2015-16
8 General Fund	18,163,100	18,365,100

9 **(1) Local Corrections Assistance Fund Allocation:** Moneys in the fund shall be
 10 distributed to the counties each year. Amounts distributed from the fund shall be used to
 11 support local correctional facilities and programs, including the transportation of
 12 prisoners, as follows:

13 (a) 1. In fiscal year 2014-2015, the first \$2,400,000 received by the fund, or, if the
 14 fund receives less than \$2,400,000, the entire balance of the fund, shall be divided equally
 15 among all counties; and

16 2. In fiscal year 2015-2016, the first \$3,000,000 received by the fund, or, if the
 17 fund receives less than \$3,000,000, the entire balance of the fund, shall be divided equally
 18 among all counties; and

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

25 **(2) Local Corrections Assistance Funds:** Pursuant to KRS 196.288, included in
 26 the above General Fund appropriation is \$4,715,600 in fiscal year 2014-2015 and
 27 \$4,917,600 in fiscal year 2015-2016 for the Local Corrections Assistance Fund.

1 **(3) Life Safety or Closed Jails:** Included in the above General Fund
 2 appropriation is \$960,000 in each fiscal year to provide a monthly payment of an annual
 3 amount of \$20,000 to each county with a life safety jail or closed jail. The payment shall
 4 be in addition to the payment required by KRS 441.206(2).

5 **(4) Inmate Medical Care Expenses:** Included in the above General Fund
 6 appropriation is \$931,100 in each fiscal year for medical care contracts to be distributed,
 7 upon approval of the Department of Corrections, to counties by the formula codified in
 8 KRS 441.206, and \$960,000 in each fiscal year, on a partial reimbursement basis, for
 9 medical claims in excess of the statutory threshold pursuant to KRS 441.045. The
 10 funding support for medical contracts and catastrophic medical expenses for indigents
 11 shall be maintained in discrete accounts. Any medical claim that exceeds the statutory
 12 threshold may be reimbursed for that amount in excess of the statutory threshold.

13 **TOTAL - CORRECTIONS**

	2014-15	2015-16
14 General Fund	466,330,800	474,544,700
15 Restricted Funds	23,382,800	23,561,600
16 Federal Funds	3,073,200	961,100
17 TOTAL	492,786,800	499,067,400

19 **6. PUBLIC ADVOCACY**

	2013-14	2014-15	2015-16
20 General Fund	4,400,000	46,314,300	47,472,900
21 Restricted Funds	-0-	3,177,600	3,035,900
22 Federal Funds	-0-	1,320,400	1,320,400
23 TOTAL	4,400,000	50,812,300	51,829,200

24 **(1) Compensatory Leave Conversion to Sick Leave:** If the Department of
 25 Public Advocacy determines that internal budgetary pressures warrant further austerity
 26 measures, the Public Advocate may institute a policy to suspend payment of 50-hour
 27

1 blocks of compensatory time for those attorneys who have accumulated 240 hours of
 2 compensatory time and instead convert those hours to sick leave.

3 **(2) Social Worker Program:** Included in the above General Fund appropriation
 4 is \$420,000 in fiscal year 2014-2015 and \$850,000 in fiscal year 2015-2016 for 15
 5 additional social worker positions.

6 **TOTAL - JUSTICE AND PUBLIC SAFETY CABINET**

7		2013-14	2014-15	2015-16
8	General Fund (Tobacco)	-0-	1,700,200	1,241,100
9	General Fund	11,625,400	679,564,200	692,339,200
10	Restricted Funds	980,000	115,700,200	115,239,600
11	Federal Funds	-0-	38,985,000	36,824,900
12	Road Fund	-0-	95,745,500	96,845,800
13	TOTAL	12,605,400	931,695,100	942,490,600

14 **I. LABOR CABINET**

15 **Budget Units**

16 **1. SECRETARY**

17		2014-15	2015-16
18	Restricted Funds	4,356,400	4,415,000
19	Federal Funds	184,800	188,600
20	TOTAL	4,541,200	4,603,600

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

22		2014-15	2015-16
23	General Fund	3,312,200	3,358,900
24	Restricted Funds	3,080,300	3,326,900
25	Federal Funds	47,500	47,500
26	TOTAL	6,440,000	6,733,300

27 **3. WORKPLACE STANDARDS**

1		2014-15	2015-16
2	General Fund	1,789,300	1,824,500
3	Restricted Funds	78,995,600	78,671,300
4	Federal Funds	3,873,300	3,884,100
5	TOTAL	84,658,200	84,379,900

6 **4. WORKERS' CLAIMS**

7		2014-15	2015-16
8	Restricted Funds	21,788,000	18,039,100

9 **5. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION**

10		2014-15	2015-16
11	Restricted Funds	757,200	770,900

12 **6. WORKERS' COMPENSATION FUNDING COMMISSION**

13		2014-15	2015-16
14	Restricted Funds	116,760,100	112,833,400

15 **TOTAL - LABOR CABINET**

16		2014-15	2015-16
17	General Fund	5,101,500	5,183,400
18	Restricted Funds	225,737,600	218,056,600
19	Federal Funds	4,105,600	4,120,200
20	TOTAL	234,944,700	227,360,200

21 **J. PERSONNEL CABINET**

22 **Budget Units**

23 **1. GENERAL OPERATIONS**

24		2014-15	2015-16
25	Restricted Funds	27,764,400	28,028,200

26 **(1) Pro Rata Assessment:** Included in the above Restricted Funds appropriation
27 is \$2,692,400 in fiscal year 2014-2015 and \$2,688,900 in fiscal year 2015-2016 to be

1 transferred to the General Fund to support debt service on bonds previously issued for the
 2 Kentucky Human Resources Information System. The Personnel Cabinet shall collect a
 3 pro rata assessment from all state agencies, in all three branches of government, and other
 4 organizations that are supported by the System. Those collections shall be deposited and
 5 retained into a Restricted Funds account within the Personnel Cabinet.

6 **(2) Kentucky Employees' Health Plan and Medicaid State Plan Cost Savings**
 7 **Demonstration Projects:** The Personnel Cabinet and the Cabinet for Health and Family
 8 Services shall implement the Kentucky Employees' Health Plan Program and Kentucky
 9 Medicaid State Plan Program cost savings projects~~[centered on process improvement and~~
 10 ~~patient empowerment with door-to-door engagement via use of interactive technology to~~
 11 ~~capture the potential for improved medical outcomes at reduced cost. The demonstration~~
 12 ~~project shall include established patients who have, within 24 months of the telehealth~~
 13 ~~services, visited established providers and maintained a clinical relationship with a~~
 14 ~~qualified health professional licensed in Kentucky through an in-office and in-person~~
 15 ~~evaluation, including a medical history and a physical examination. These cost reduction~~
 16 ~~projects shall not increase premiums nor reduce benefits].~~

17 The Personnel Cabinet and the Cabinet for Health and Family Services are
 18 authorized to expend up to \$400,000 from the State Group Health Trust and State
 19 Medicaid Administration appropriation to support~~[two]~~ demonstration projects for both
 20 areas. The initial capital outlay may be recouped from cost savings to the State Group
 21 Health Trust and State Medicaid Administration Program. The demonstration projects
 22 shall be a proof of concept to confirm the ability to capture~~[an]~~ annualized savings~~[of up~~
 23 ~~to ten percent]~~ in the Kentucky Employees' Health Plan Program and~~[an]~~ annualized
 24 savings~~[of up to five percent]~~ in the Kentucky Medicaid State Plan Program~~[starting~~
 25 ~~from January 1, 2015.~~

26 ~~The Personnel Cabinet and the Cabinet for Health and Family Services shall enter~~
 27 ~~into an agreement with one or both of the university teaching hospitals in the~~

1 Commonwealth to leverage the substantial return on investment of the demonstration
 2 projects. The demonstration projects shall be implemented as provided in this Act
 3 pursuant to the contracts utilized for the purpose of administering the Kentucky
 4 Employees' Health Plan Program and the Kentucky Medicaid State Plan Program. For
 5 purposes of the demonstration projects, the participating contractor to be given the first
 6 option from the Kentucky Medicaid State Plan Program shall be one that services the
 7 largest contingent of recipients in the program and one that services a rural area that has
 8 an underserved population that has already demonstrated concept of cost savings through
 9 interactive technology.

10 The demonstration projects shall be awarded no later than December 1, 2014, and
 11 shall be based on a competitive bid via a formal Request for Information (RFI) process].
 12 The demonstration projects should be completed and a report regarding the proof of
 13 concept shall be submitted to the Program Review and Investigations Committee, the
 14 Personnel Cabinet, and the Cabinet for Health and Family Services[by December 1,
 15 2015].

16 [If the proof of concept demonstrates an annual savings, the Personnel Cabinet and
 17 the Cabinet for Health and Family Services shall implement the final project on a larger
 18 scale.]If implemented, the large scale project shall be awarded via a formal Request for
 19 Proposal (RFP) process[to capture the mandated annualized savings of up to ten percent]
 20 in the Kentucky Employees' Health Plan Program and[an annualized savings of up to five
 21 percent] in the Kentucky Medicaid State Plan Program.[The cost of implementing a large
 22 scale project shall be paid via a shared savings model wherein the contractor shall be
 23 compensated by a percentage of the savings captured by the projects.]

24 **2. PUBLIC EMPLOYEES DEFERRED COMPENSATION AUTHORITY**

	2014-15	2015-16
26 Restricted Funds	9,112,100	9,161,500

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

1		2014-15	2015-16
2	Restricted Funds	25,637,200	26,651,400

3 **4. STATE GROUP HEALTH INSURANCE FUND**

4		2014-15	2015-16
5	General Fund	959,600	959,600

6 **(1) Group Health Insurance:** The above General Fund appropriation is provided
 7 to support a dependent subsidy for full-time employees of quasi-governmental employers,
 8 excluding state agencies, participating in the State Group Health Insurance program. To
 9 participate in this fund, each quasi-governmental employer shall certify to the Secretary
 10 of the Personnel Cabinet that no funds received from the pool are being utilized to fund
 11 any benefits for persons other than full-time employees.

12 **TOTAL - PERSONNEL CABINET**

13		2014-15	2015-16
14	General Fund	959,600	959,600
15	Restricted Funds	62,513,700	63,841,100
16	TOTAL	63,473,300	64,800,700

17 **K. POSTSECONDARY EDUCATION**

18 **Budget Units**

19 **1. COUNCIL ON POSTSECONDARY EDUCATION**

20		2013-14	2014-15	2015-16
21	General Fund (Tobacco)	-0-	4,972,500	3,607,500
22	General Fund	-0-	45,489,900	71,405,000
23	Restricted Funds	293,800	6,022,400	6,027,600
24	Federal Funds	-0-	18,073,800	18,102,500
25	TOTAL	293,800	74,558,600	99,142,600

26 **(1) Carry Forward of General Fund Appropriation Balance:** Notwithstanding
 27 KRS 45.229, the General Fund appropriation in fiscal year 2013-2014 and fiscal year

1 2014-2015 to the Adult Education and Literacy Funding Program shall not lapse and shall
2 carry forward.

3 Notwithstanding KRS 45.229, the General Fund appropriation in fiscal year 2013-
4 2014 and fiscal year 2014-2015 to the Science and Technology Funding Program shall
5 not lapse and shall carry forward.

6 **(2) Interest Earnings Transfer from the Strategic Investment and Incentive**
7 **Trust Fund Accounts:** Notwithstanding KRS 164.7911, 164.7913, 164.7915, 164.7917,
8 164.7919, 164.7921, 164.7923, 164.7925, and 164.7927, any expenditures from the
9 Strategic Investment and Incentive Trust Fund accounts in excess of appropriated
10 amounts by the Council on Postsecondary Education shall be subject to KRS 48.630.

11 **(3) Ovarian Cancer Screening:** Notwithstanding KRS 164.476(1), General Fund
12 (Tobacco) moneys in the amount of \$775,000 in each fiscal year shall be allotted from the
13 Lung Cancer Research Fund to the Ovarian Cancer Screening Outreach Program at the
14 University of Kentucky.

15 **(4) Debt Service:** Included in the above General Fund appropriation is
16 \$2,940,500 in fiscal year 2014-2015 and \$28,491,500 in fiscal year 2015-2016 for new
17 debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this
18 Act.

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

1 **(6) Washington D.C. Internship Program:** Included in the above General Fund
2 appropriation are funds in each fiscal year for scholarships to the Washington Center for
3 Internships and Academic Seminars.~~[-The amount appropriated in fiscal year 2014-2015
4 and fiscal year 2015-2016 shall not be reduced greater than five percent from the fiscal
5 year 2013-2014 appropriated amount of \$76,100.]~~

6 **(7) Adult Education:** Included in the above General Fund appropriation are
7 funds in each fiscal year for the Kentucky Adult Education Funding Program.~~[-The
8 amount appropriated in fiscal year 2014-2015 and fiscal year 2015-2016 shall not be
9 reduced greater than five percent from the fiscal year 2013-2014 appropriated amount of
10 \$19,548,600.]~~

11 **(8) Contract Spaces:** Included in the above General Fund appropriation is
12 \$5,419,000 in fiscal year 2014-2015 and \$5,680,100 in fiscal year 2015-2016 for the
13 Contract Spaces Program.

14 **(9) Veterinary Medicine:** If General Fund appropriations are not sufficient to
15 fully fund 164 veterinary slots, the Council on Postsecondary Education shall fully fund
16 the 164 slots out of the Council's base budget.

17 **(10) Optometry Slots:** If General Fund appropriations are not sufficient to fully
18 fund 44 optometry slots, the Council on Postsecondary Education shall fully fund the 44
19 slots out of the Council's base budget. The Council on Postsecondary Education shall
20 conduct a study on the effect that the licensure and accreditation of any school of
21 optometry within the Commonwealth would have on the Contract Spaces Program. The
22 Council on Postsecondary Education shall submit a report containing the results of this
23 study to the Interim Joint Committee on Appropriations and Revenue and the Interim
24 Joint Committee on Education by December 1, 2015.

25 **(11) Council Presidential Compensation:** Notwithstanding KRS 164.013(6), the
26 Council on Postsecondary Education shall set the salary of the President at an amount no
27 greater than the salary he was receiving on January 1, 2012.

1 **2. KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY**

	2013-14	2014-15	2015-16
3 General Fund (Tobacco)	-0-	1,100,000	1,100,000
4 General Fund	1,800,000	201,841,200	205,302,000
5 Restricted Funds	-0-	28,395,400	28,456,900
6 Federal Funds	-0-	59,300	59,300
7 TOTAL	1,800,000	231,395,900	234,918,200

8 **(1) College Access Program:** Notwithstanding KRS 154A.130(4), included in
9 the above General Fund appropriation is \$59,514,400 in each fiscal year for the College
10 Access Program.

11 **(2) Kentucky Tuition Grant Program:** Notwithstanding KRS 154A.130(4),
12 included in the above General Fund appropriation is \$32,419,100 in each fiscal year for
13 the Kentucky Tuition Grant Program.

14 **(3) Teacher Scholarship Program:** Notwithstanding KRS 154A.130(4),
15 included in the above General Fund appropriation is \$1,732,800 in each fiscal year for the
16 Teacher Scholarship Program.

17 **(4) Kentucky National Guard Tuition Assistance Program:** Notwithstanding
18 KRS 154A.130(4), included in the above General Fund appropriation is \$4,898,100 in
19 each fiscal year for the National Guard Tuition Assistance Program.

20 **(5) Kentucky Education Excellence Scholarships (KEES):** Notwithstanding
21 KRS 154A.130(4), included in the above General Fund appropriation is \$101,032,800 in
22 fiscal year 2014-2015 and \$104,493,600 in fiscal year 2015-2016 for the Kentucky
23 Educational Excellence Scholarships (KEES). Included in the above Restricted Funds
24 appropriation is \$8,603,600 in fiscal year 2014-2015 and \$8,600,000 in fiscal year 2015-
25 2016 for KEES.

26 **(6) Kentucky Coal County College Completion Scholarships:** Notwithstanding
27 KRS 42.4588, \$2,000,000 in each fiscal year shall be transferred from the Local

1 Government Economic Development Fund, Multi-County Fund, to the Coal County
 2 College Completion Scholarship Program within the Kentucky Higher Education
 3 Assistance Authority.

4 **(7) Pharmacy Scholarship Program:** Included in the above General Fund
 5 appropriation is \$800,000 in each fiscal year for the coal county scholarship program for
 6 pharmacy students. Notwithstanding KRS 164.7890(11)(c), scholarship awards shall not
 7 exceed appropriated amounts.

8 **(8) Work Study:** Included in the above General Fund appropriation is \$400,000
 9 in each fiscal year for the Work Study Program.

10 **(9) Excess Lottery Revenues:** Lottery revenues transferred to the Kentucky
 11 Higher Education Assistance Authority in excess of the sum of the General Fund amounts
 12 set forth in subsections (1), (2), (3), (4), and (5) of this section shall be allocated in
 13 accordance with KRS 154A.130(4)(b). If the amount allocated to the KEES program
 14 exceeds the amount needed to fully fund KEES at the statutory individual award amounts,
 15 all excess funds shall be transferred to the KEES Reserve Trust Fund.

16 **3. EASTERN KENTUCKY UNIVERSITY**

	2014-15	2015-16
17 General Fund	68,033,800	68,033,800
18 Restricted Funds	180,928,200	185,699,400
19 Federal Funds	94,840,200	99,582,200
20 TOTAL	343,802,200	353,315,400

22 **(1) Community Operations Board:** The Community Operations Board was
 23 established in 2006 by the Kentucky General Assembly pursuant to House Bill 380 to
 24 create a collaboration between Eastern Kentucky University, Madison County, and the
 25 cities of Richmond and Berea, and the General Assembly has renewed the funding and
 26 authority of the Community Operations Board in each biennial budget thereafter.
 27 Included in the above General Fund appropriation is \$200,000 in each fiscal year to

1 provide funds to the Community Operations Board for personnel and programmatic
 2 operations of the meeting, community areas, and the performing arts center located in the
 3 Business/Technology Center, Phase II facilities. The Business/Technology Center, Phase
 4 II facilities shall be governed by the Community Operations Board. Members of the
 5 Board shall serve without compensation and shall not be reimbursed for expenses
 6 incurred in performance of their duties. The Board shall establish policies and procedures
 7 for Board operation and for facility use. The Board shall make all decisions regarding use
 8 of the Business/Technology Center, Phase II facilities, including the meeting, community
 9 areas, and the performing arts center and shall make all decisions regarding personnel and
 10 programmatic operations of the meeting, community areas, and the performing arts
 11 center. The Board is attached to Eastern Kentucky University for administrative purposes,
 12 and the University shall provide all facility maintenance and operations costs.

13 **4. KENTUCKY STATE UNIVERSITY**

	2014-15	2015-16
14		
15	General Fund	23,429,600
16	Restricted Funds	33,476,500
17	Federal Funds	19,844,700
18	TOTAL	76,750,800

19 **5. MOREHEAD STATE UNIVERSITY**

	2014-15	2015-16
20		
21	General Fund	41,039,500
22	Restricted Funds	108,154,500
23	Federal Funds	95,821,100
24	TOTAL	245,015,100

25 **(1) Dual Credit Program:** Included in the above General Fund appropriation is
 26 \$2,300,000 in fiscal year 2015-2016 for a Dual Credit Program.

27 **6. MURRAY STATE UNIVERSITY**

	2014-15	2015-16
1		
2 General Fund	48,025,100	48,025,100
3 Restricted Funds	113,365,200	119,130,100
4 Federal Funds	18,755,500	18,755,500
5 TOTAL	180,145,800	185,910,700

6 **(1) Breathitt Veterinary Center:** Included in the above General Fund
7 appropriation is \$366,900 in each fiscal year for the Breathitt Veterinary Center at Murray
8 State University. The funds provided in this subsection are in addition to existing
9 appropriations for the center contained in Murray State University's General Fund-
10 supported operating budget. ~~[Notwithstanding KRS 48.130 and 48.600 and Part VI of this~~
11 ~~Act, the appropriation set forth in this subsection shall not be reduced.]~~

12 **7. NORTHERN KENTUCKY UNIVERSITY**

	2014-15	2015-16
13		
14 General Fund	48,537,600	48,537,600
15 Restricted Funds	194,333,800	203,785,400
16 Federal Funds	15,171,600	15,171,600
17 TOTAL	258,043,000	267,494,600

18 **8. UNIVERSITY OF KENTUCKY**

	2014-15	2015-16
19		
20 General Fund	279,611,300	279,611,300
21 Restricted Funds	2,309,116,700	2,404,130,300
22 Federal Funds	217,443,000	229,710,400
23 TOTAL	2,806,171,000	2,913,452,000

24 **(1) Mining Engineering Scholarship Program:** Notwithstanding KRS 42.4592,
25 included in the above General Fund appropriation is \$300,000 in each fiscal year from the
26 Local Government Economic Development Fund for mining engineering scholarships.

27 **(2) Robinson Scholars Program:** Notwithstanding KRS 42.4592, included in the

1 above General Fund appropriation is \$1,000,000 in each fiscal year from the Local
 2 Government Economic Development Fund for the Robinson Scholars Program.

3 **(3) University of Kentucky Diagnostic Laboratories:** Included in the above
 4 General Fund appropriation is \$366,900 in each fiscal year for the diagnostic laboratories
 5 at the University of Kentucky. The funds provided in this subsection are in addition to
 6 existing appropriations for the laboratories contained in the University of Kentucky's
 7 General Fund-supported operating budget. ~~[Notwithstanding KRS 48.130 and 48.600 and~~
 8 ~~Part VI of this Act, the appropriation set forth in this subsection shall not be reduced.]~~

9 **9. UNIVERSITY OF LOUISVILLE**

	2014-15	2015-16
10		
11	General Fund	139,076,900
12	Restricted Funds	140,416,300
13	Federal Funds	990,331,600
14	TOTAL	1,012,352,500
	1,227,285,500	96,632,000
	1,249,400,800	

15 **(1) Debt Service:** Included in the above General Fund appropriation is
 16 \$1,339,400 in fiscal year 2015-2016 for previously issued bonds.

17 **(2) Quality and Charity Care Trust Fund:** The University of Louisville shall
 18 submit written documentation to the Secretary of the Finance and Administration Cabinet
 19 demonstrating financial need for reimbursement related to providing hospital care
 20 services to indigent and medically needy patients through the Quality and Charity Care
 21 Trust. Upon certification of such need by the Secretary of the Finance and Administration
 22 Cabinet, reimbursement not to exceed \$6,000,000 in fiscal year 2014-2015 and
 23 \$4,000,000 in fiscal year 2015-2016 shall be deemed a necessary government expense
 24 and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget
 25 Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures in
 26 this Act. The Louisville Metro Government shall contribute \$5,000,000 in fiscal year
 27 2014-2015 and \$3,000,000 in fiscal year 2015-2016 to the Quality and Charity Care

1 Trust.

2 **(3) Evaluation of Indigent Care:** The Cabinet for Health and Family Services[
 3 and the University of Louisville] shall[~~collaborate to~~] conduct an annual study of the
 4 effect of the reduction in contributions to the Quality and Charity Care Trust on the
 5 delivery of indigent care in Jefferson County. The Cabinet for Health and Family
 6 Services[~~and the University of Louisville~~] shall submit a report containing the results of
 7 this study to the Interim Joint Committee on Appropriations and Revenue by June 1 of
 8 each fiscal year.

9 **10. WESTERN KENTUCKY UNIVERSITY**

	2014-15	2015-16
10 General Fund	72,649,400	74,649,400
11 Restricted Funds	282,396,800	287,859,800
12 Federal Funds	44,599,000	44,599,000
13 TOTAL	399,645,200	407,108,200

14 **11. KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

	2014-15	2015-16
15 General Fund	190,162,300	190,162,300
16 Restricted Funds	478,250,500	505,909,500
17 Federal Funds	284,664,600	298,927,800
18 TOTAL	953,077,400	994,999,600

19 **(1) Firefighters Foundation Program Fund:** Included in the above Restricted
 20 Funds appropriation is \$40,164,500 in fiscal year 2014-2015 and \$40,751,100 in fiscal
 21 year 2015-2016 for the Firefighters Foundation Program Fund. Notwithstanding KRS
 22 95A.250(1), supplemental payments for each qualified professional firefighter under the
 23 Firefighters Foundation Program Fund shall be \$3,100 in each fiscal year.

24 **(2) Firefighters Training Center Fund:** Notwithstanding KRS 95A.262(3),
 25 \$500,000 in Restricted Funds is provided in each fiscal year for the Firefighters Training
 26

1 Center Fund.

2 **(3) Conveyance of Property:** (a) Notwithstanding KRS 45.777 and 164A.575(7),
3 the Kentucky Community and Technical College System may convey to Northern
4 Kentucky University fee simple title to certain of its real property and improvements
5 located in Campbell County that have become surplus to Gateway Community and
6 Technical College with the creation of the new Boone Campus of Gateway Community
7 and Technical College. The conveyance shall be completed at a price that is acceptable to
8 both parties. Gateway Community and Technical College shall use the proceeds from the
9 conveyance of the real property to support a capital project for Gateway Community and
10 Technical College.

11 (b) Notwithstanding KRS 45.777 and 164A.575(7), the Kentucky Community and
12 Technical College System may dispose of certain real property and improvements located
13 in Covington, Kentucky that will become surplus to Gateway Community and Technical
14 College with the completion of the Urban Campus in downtown Covington. Gateway
15 Community and Technical College shall use the proceeds from the disposition of the real
16 property to support a capital project for Gateway Community and Technical College in
17 the city limits of Covington, Kentucky.

18 (c) Notwithstanding KRS 45.777 and 164A.575(7), the Kentucky Community and
19 Technical College System may dispose of certain real property and improvements located
20 in Ashland, Kentucky at the Roberts Drive Campus. Ashland Community and Technical
21 College shall use all the proceeds from the disposition of the real property to support a
22 capital project for Ashland Community and Technical College.

23 (d) Notwithstanding KRS 45.777 and 164A.575(7), the Kentucky Community and
24 Technical College System may dispose of certain real property and improvements located
25 in Ashland, Kentucky at the East Park Industrial Park. Ashland Community and
26 Technical College shall use all the proceeds from the disposition of the real property to
27 support a capital project for Ashland Community and Technical College.

1 (e) Notwithstanding KRS 45.777 and 164A.575(7), the Kentucky Community and
2 Technical College System may dispose of certain real property and improvements located
3 in Morehead, Kentucky at the Rowan Campus. Maysville Community and Technical
4 College shall use all the proceeds from the disposition of the real property to support a
5 capital project for Maysville Community and Technical College.

6 **(4) Salary Increases:** It is the intent of the 2014 General Assembly that
7 employees of the Kentucky Community and Technical College System (KCTCS) who are
8 in the University of Kentucky personnel system shall be treated the same, with respect to
9 compensation plans and salary increases implemented by KCTCS, as all other employees
10 of KCTCS. Specifically, KCTCS shall not utilize the practice of providing lower salary
11 increases to KCTCS employees who are in the University of Kentucky personnel system
12 in order to offset money paid to the University of Kentucky for the cost of providing
13 health insurance to these employees.

14 KCTCS shall make no distinction in compensation plans or salary increases among
15 its employees based upon the personnel system to which they belong, except that KCTCS
16 may make up the lower salary increases given in the past to those employees of KCTCS
17 in the University of Kentucky personnel system which were based upon reimbursing the
18 University of Kentucky for the cost of providing health insurance.

19 **(5) Guaranteed Energy Savings Performance Contracts:** Notwithstanding
20 KRS 56.770 and 56.774, guaranteed energy savings performance contracts may be
21 executed for buildings operated by the Kentucky Community and Technical College
22 System under agreements governed by KRS 164.593.

23 **(6) Tuition and Fees:** Notwithstanding KRS 164.020(8), the Kentucky
24 Community and Technical College System may establish and implement a mandatory
25 student fee~~[, on a college-by-college basis,]~~ not to exceed eight dollars per credit hour to
26 be used exclusively for debt service on amounts not to exceed 75 percent of the total
27 project cost of Kentucky Community and Technical College System agency bond projects

1 included in Part II, J., 11. of this Act. For any fee established pursuant to this section, not
 2 more than 50 percent of the total fee amount may be assessed in fiscal year 2014-2015. ~~]~~
 3 ~~Notwithstanding KRS 164.350, 164.5807, and 164.600, the mandatory student fee may~~
 4 ~~only be established and implemented for each college upon the affirmative~~
 5 ~~recommendation of each college's Board of Directors, and the Kentucky Community and~~
 6 ~~Technical College System Board of Regents shall conform to any such recommendation.]~~
 7 The mandatory student fee ~~], if recommended by a college's Board of Directors and~~
 8 ~~established and implemented pursuant to such recommendation,]~~ shall only be used for
 9 debt service on agency bond projects ~~[for the college recommending the fee].~~ Any fee
 10 established pursuant to this section shall cease to be assessed upon the retirement of the
 11 project bonds for which it serviced debt. Prior to the issuance of any bonds, the Kentucky
 12 Community and Technical College System shall certify in writing to the Secretary of the
 13 Finance and Administration Cabinet that sufficient funds have been raised to meet the
 14 local match equivalent to 25 percent of the total project cost.

15 **(7) Housing Allowance for the President:** Beginning January 1, 2015, no
 16 housing allowance shall be provided for the President of the Kentucky Community and
 17 Technical College System.

18 **TOTAL - POSTSECONDARY EDUCATION**

	2013-14	2014-15	2015-16
19 General Fund (Tobacco)	-0-	6,072,500	4,707,500
20 General Fund	1,800,000	1,157,896,600	1,192,911,900
21 Restricted Funds	293,800	4,724,771,600	4,901,204,100
22 Federal Funds	-0-	907,149,800	938,190,700
23 TOTAL	2,093,800	6,795,890,500	7,037,014,200

24 **L. PUBLIC PROTECTION CABINET**

25 **Budget Units**

26 **1. SECRETARY**

1		2014-15	2015-16
2	General Fund	277,900	283,100
3	Restricted Funds	5,830,500	5,930,800
4	TOTAL	6,108,400	6,213,900
5	2. BOXING AND WRESTLING AUTHORITY		
6		2014-15	2015-16
7	Restricted Funds	167,100	169,100
8	3. ALCOHOLIC BEVERAGE CONTROL		
9		2014-15	2015-16
10	General Fund	607,800	618,100
11	Restricted Funds	5,820,500	5,770,400
12	TOTAL	6,428,300	6,388,500
13	4. CHARITABLE GAMING		
14		2014-15	2015-16
15	Restricted Funds	3,474,000	3,489,300
16	5. BOARD OF CLAIMS/CRIME VICTIMS' COMPENSATION BOARD		
17		2014-15	2015-16
18	General Fund	696,400	708,900
19	Restricted Funds	1,027,300	1,041,700
20	Federal Funds	450,000	400,000
21	TOTAL	2,173,700	2,150,600
22	6. FINANCIAL INSTITUTIONS		
23		2014-15	2015-16
24	Restricted Funds	10,612,100	10,984,400
25	7. HORSE RACING COMMISSION		
26		2014-15	2015-16
27	General Fund	698,700	2,738,600

1	Restricted Funds	28,357,200	26,478,500
2	TOTAL	29,055,900	29,217,100

3 **(1) Kentucky Thoroughbred Development Fund:** Notwithstanding KRS
 4 138.510 and 230.265(3), funds in the amount of \$1,000,000 in fiscal year 2013-2014 shall
 5 be transferred from the Kentucky Equine Drug Research Council to the Kentucky
 6 Thoroughbred Development Fund for purposes specified in KRS 230.400.

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

8		2014-15	2015-16
9	General Fund	2,455,300	2,501,500
10	Restricted Funds	18,124,100	18,478,200
11	TOTAL	20,579,400	20,979,700

12 **(1) Funding Flexibility:** Notwithstanding KRS 198B.090(10), 198B.095(2),
 13 198B.4037(2), (3) and (4), 198B.6674, 227.620(5), 227A.050(1) and (2), 227.715,
 14 236.130(3), and 318.136, the Department of Housing, Buildings and Construction may
 15 expend, with the approval of any affected boards, any Restricted Funds for programs
 16 administered by the Department. The Department shall return any funds transferred from
 17 a board back to the board within the fiscal biennium.

18 **9. INSURANCE**

19		2014-15	2015-16
20	Restricted Funds	17,604,500	17,759,800
21	Federal Funds	1,065,700	1,098,700
22	TOTAL	18,670,200	18,858,500

23 **10. TAX APPEALS**

24		2014-15	2015-16
25	General Fund	464,300	471,800

26 **TOTAL - PUBLIC PROTECTION CABINET**

27		2014-15	2015-16
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1	General Fund	5,200,400	7,322,000
2	Restricted Funds	91,017,300	90,102,200
3	Federal Funds	1,515,700	1,498,700
4	TOTAL	97,733,400	98,922,900

M. TOURISM, ARTS AND HERITAGE CABINET

6 Budget Units

7 1. SECRETARY

8		2014-15	2015-16
9	General Fund	2,544,100	2,598,300
10	Restricted Funds	12,910,000	10,086,500
11	TOTAL	15,454,100	12,684,800

12 **(1) Tourism Grants:** Included in the above Restricted Funds appropriation is
 13 \$405,000 in each fiscal year for the purpose of supporting the following grants: The
 14 National Quilt Museum of Paducah, \$36,000 in each fiscal year; Stephen Foster, \$81,000
 15 in each fiscal year; Pioneer School of Drama, \$28,500 in each fiscal year; Pine Knob
 16 Theater, \$29,500 in each fiscal year; Kincaid Regional Theater, \$27,500 in each fiscal
 17 year; Twilight Cabaret, \$9,000 in each fiscal year; Jenny Wiley, \$39,500 in each fiscal
 18 year; Morehead Tourism Commission Outdoor Theater, \$19,500 in each fiscal year; Fort
 19 Harrod Drama Productions, \$41,000 in each fiscal year; Greenbo Lake State Resort Park,
 20 \$10,000 in each fiscal year; Russell County Ruscotown Players Production, \$25,000 in
 21 each fiscal year; Kentucky Shakespeare Festival, \$19,500 in each fiscal year; Plaza
 22 Theater in Glasgow, \$19,500 in each fiscal year; and Kentucky Conservatory Theater,
 23 \$19,500 in each fiscal year. If the agency finds that a grant recipient no longer exists, the
 24 appropriation for that grant shall lapse to the credit of the Tourism, Meeting, and
 25 Convention Marketing Fund established under KRS 142.406.

26 **(2) Statewide Marketing Plan:** The Tourism, Arts and Heritage Cabinet shall
 27 develop a statewide marketing plan for the Tourism, Meeting, and Convention Marketing

1 Fund. The plan shall detail the projected uses of revenues from the transient room tax and
 2 develop strategies for maximizing the effectiveness of statewide marketing efforts
 3 supported by this tax. The Cabinet shall present this plan to the Interim Joint Committee
 4 on Appropriations and Revenue by October 1, 2014.

5 **2. ARTISANS CENTER**

	2014-15	2015-16
6		
7 General Fund	389,200	406,300
8 Restricted Funds	1,583,400	1,583,400
9 Road Fund	393,400	410,500
10 TOTAL	2,366,000	2,400,200

11 **3. TRAVEL**

	2014-15	2015-16
12		
13 General Fund	3,094,400	3,152,400
14 Restricted Funds	45,000	41,100
15 TOTAL	3,139,400	3,193,500

16 **(1) Bluegrass State Games:** Included in the above General Fund appropriation is
 17 \$50,000 in each fiscal year for the Bluegrass State Games.

18 **4. PARKS**

	2013-14	2014-15	2015-16
19			
20 General Fund	8,216,900	33,572,800	34,429,000
21 Restricted Funds	-0-	49,301,900	49,298,100
22 TOTAL	8,216,900	82,874,700	83,727,100

23 **(1) Park Capital Maintenance and Renovation Fund:** Notwithstanding KRS
 24 148.810, no transfer to the Park Capital Maintenance and Renovation Fund shall be made.

25 **(2) Debt Service:** Included in the above General Fund appropriation is \$375,500
 26 in fiscal year 2014-2015 and \$917,500 in fiscal year 2015-2016 for new debt service to
 27 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

1 **5. HORSE PARK COMMISSION**

	2014-15	2015-16
2		
3 General Fund	2,471,800	2,510,800
4 Restricted Funds	10,518,800	10,592,600
5 TOTAL	12,990,600	13,103,400

6 **6. STATE FAIR BOARD**

	2013-14	2014-15	2015-16
7			
8 General Fund	10,500,000	3,897,100	4,196,400
9 Restricted Funds	-0-	42,715,200	46,189,600
10 TOTAL	10,500,000	46,612,300	50,386,000

11 **(1) Debt Service-General Fund:** Included in the above General Fund
 12 appropriation is \$189,000 in fiscal year 2014-2015 and \$2,459,500 in fiscal year 2015-
 13 2016 for new debt service to support new bonds as set forth in Part II, Capital Projects
 14 Budget, of this Act.

15 **(2) Property Sale Proceeds:** Notwithstanding KRS 45.777, the proceeds from
 16 any sale of real property assigned to the State Fair Board, not to exceed \$7,400,000, shall
 17 be transferred to the Finance and Administration Cabinet to offset debt service paid by
 18 the Cabinet on behalf of the State Fair Board. Any proceeds in excess of \$7,400,000 shall
 19 be deposited in a Restricted Funds account for the benefit of the State Fair Board.

20 **7. FISH AND WILDLIFE RESOURCES**

	2014-15	2015-16
21		
22 Restricted Funds	34,724,200	33,800,600
23 Federal Funds	17,895,000	16,371,300
24 TOTAL	52,619,200	50,171,900

25 **(1) Fish and Wildlife Resources Peace Officers' Stipend:** Included in the above
 26 Restricted Funds appropriation is sufficient funding for a \$3,100 annual training incentive
 27 stipend for Fish and Wildlife Resources Conservation officers from the Fish and Game

1 Fund, to be effective July 1, 2014.

2 **8. HISTORICAL SOCIETY**

	2014-15	2015-16
4 General Fund	5,784,800	6,007,400
5 Restricted Funds	457,800	457,800
6 Federal Funds	537,100	363,700
7 TOTAL	6,779,700	6,828,900

8 **(1) Debt Service:** Included in the above General Fund appropriation is \$134,000
9 in fiscal year 2015-2016 for new debt service to support new bonds as set forth in Part II,
10 Capital Projects Budget, of this Act.

11 **(2) Oral History Grants:** Included in the above General Fund appropriation is
12 \$50,000 in each fiscal year for Oral History grants.

13 **9. ARTS COUNCIL**

	2014-15	2015-16
15 General Fund	3,017,300	2,796,200
16 Restricted Funds	151,600	151,600
17 Federal Funds	759,800	759,800
18 TOTAL	3,928,700	3,707,600

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

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

27 **(3) Marshall County Arts Commission Children’s Theatre:** Included in the

1 above General Fund appropriation is \$250,000 in fiscal year 2014-2015 for the Marshall
 2 County Arts Commission Children’s Theatre.

3 **10. HERITAGE COUNCIL**

	2014-15	2015-16
4		
5 General Fund	736,900	747,300
6 Restricted Funds	262,100	265,300
7 Federal Funds	814,500	825,200
8 TOTAL	1,813,500	1,837,800

9 **11. KENTUCKY CENTER FOR THE ARTS**

	2014-15	2015-16
10		
11 General Fund	1,031,200	1,123,700

12 **(1) Debt Service:** Included in the above General Fund appropriation is \$92,500 in
 13 fiscal year 2014-2015 and \$185,000 in fiscal year 2015-2016 for new debt service to
 14 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

15 **TOTAL - TOURISM, ARTS AND HERITAGE CABINET**

	2013-14	2014-15	2015-16
16			
17 General Fund	18,716,900	56,539,600	57,967,800
18 Restricted Funds	-0-	152,670,000	152,466,600
19 Federal Funds	-0-	20,006,400	18,320,000
20 Road Fund	-0-	393,400	410,500
21 TOTAL	18,716,900	229,609,400	229,164,900

22 **PART II**

23 **CAPITAL PROJECTS BUDGET**

24 **(1) Capital Construction Fund Appropriations and Reauthorizations:**
 25 Moneys in the Capital Construction Fund are appropriated for the following capital
 26 projects subject to the conditions and procedures in this Act. Items listed without
 27 appropriated amounts are previously authorized for which no additional amount is

1 required. These items are listed in order to continue their current authorization into the
2 2014-2016 fiscal biennium. Unless otherwise specified, reauthorized projects shall
3 conform to the original authorization enacted by the General Assembly.

4 **(2) Expiration of Existing Line-Item Capital Construction Projects:** All
5 appropriations to existing line-item capital construction projects expire on June 30, 2014,
6 unless reauthorized in this Act with the following exceptions: (a) A construction or
7 purchase contract for the project shall have been awarded by June 30, 2014; (b)
8 Permanent financing or a short-term line of credit sufficient to cover the total authorized
9 project scope shall have been obtained in the case of projects authorized for bonds, if the
10 authorized project completes an initial draw on the line of credit within the fiscal
11 biennium immediately subsequent to the original authorization; and (c) Grant or loan
12 agreements, if applicable, shall have been finalized and properly signed by all necessary
13 parties by June 30, 2014. Notwithstanding the criteria set forth in this subsection, the
14 disposition of 2012-2014 fiscal biennium nonstatutory appropriated maintenance pools
15 funded from Capital Construction Investment Income shall remain subject to the
16 provisions of KRS 45.770(5)(c).

17 **(3) Bond Proceeds Investment Income:** Investment income earned from bond
18 proceeds beyond that which is required to satisfy Internal Revenue Service arbitrage
19 rebates and penalties and excess bond proceeds upon the completion of a bond-financed
20 capital project shall be used to pay debt service according to the Internal Revenue Service
21 Code and accompanying regulations.

22 **(4) Appropriations for Projects Not Line-Itemized:** Inasmuch as the
23 identification of specific projects in a variety of areas of the state government cannot be
24 ascertained with absolute certainty at this time, amounts are appropriated for specific
25 purposes to projects which are not individually identified in this Act in the following
26 areas: Kentucky Infrastructure Authority Water and Sewer Grant Projects, and Broadband
27 Grant Projects; Repair of State-Owned Dams; Land Acquisition; Property Demolition;

1 Guaranteed Energy Savings Performance Contract projects; Wetland and Stream
 2 Mitigation; Economic Development projects, which shall include authorization for the
 3 High-Tech Construction Pool and the High-Tech Investment Pool; Infrastructure projects;
 4 Heritage Land Conservation projects; Flood Control projects; Parks Development Pool;
 5 Bond-funded maintenance pools; Postsecondary Education Institutions Capital Renewal,
 6 Life Safety, and Code Compliance pools and Major Items of Equipment pools; the
 7 Postsecondary Education Institutions Technology and Equipment Pool; the Postsecondary
 8 Education Institutions Research Support - Lab Renovation and Equipment Pools;
 9 Construct Student Housing at the University of Kentucky; and Commonwealth Office of
 10 Technology Infrastructure Upgrades. Any projects estimated to cost over \$600,000 and
 11 equipment estimated to cost over \$200,000 shall be reported to the Capital Projects and
 12 Bond Oversight Committee.

13 **(5) Bond Issues for Tobacco and Non-Coal Producing Counties:** Any
 14 authorized bond project from the Infrastructure for Economic Development Fund for
 15 Tobacco Counties, Water and Sewer Resource Development Fund for Tobacco Counties,
 16 and Infrastructure for Economic Development Fund for Non-Coal Producing Counties
 17 may be financed from any associated bond issue for the Infrastructure for Economic
 18 Development Fund for Tobacco Counties, Water and Sewer Resource Development Fund
 19 for Tobacco Counties, and Infrastructure for Economic Development Fund for Non-Coal
 20 Producing Counties.

21 **(6) Capital Construction and Equipment Purchase Contingency Account:** If
 22 funds in the Capital Construction and Equipment Purchase Contingency Account are not
 23 sufficient, then expenditures of the fund are to be paid first from the General Fund
 24 Surplus Account (KRS 48.700), if available, or from the Budget Reserve Trust Fund
 25 Account (KRS 48.705), subject to the conditions and procedures provided in this Act.

26 **(7) Emergency Repair, Maintenance, and Replacement Account:** If funds in
 27 the Emergency Repair, Maintenance, and Replacement Account are not sufficient, then

1 expenditures of the fund are to be paid first from the General Fund Surplus Account
 2 (KRS 48.700), if available, or from the Budget Reserve Trust Fund Account (KRS
 3 48.705), subject to the conditions and procedures provided in this Act.

4 **(8) Expiring Debt:** The following amounts of previously appropriated bond
 5 funds shall expire upon passage of this Act: Infrastructure for Economic Development
 6 Fund for Coal-Producing Counties (\$10,000,000) as set forth in 2006 Ky. Acts ch. 252,
 7 Part II, Section N., 1., a., Whitley County, 004.; and Energy Projects Economic
 8 Development Bond Pool (\$95,000,000) as set forth in 2007 (2nd Extra. Sess.) Ky. Acts
 9 ch. 1, Section 60.

10 **A. GENERAL GOVERNMENT**

11 Budget Units	2014-15	2015-16
12 1. DEPARTMENT OF VETERANS' AFFAIRS		
13 001. Construct Fourth State Veterans' Nursing Home – Additional		
14 Bond Funds	2,000,000	-0-
15 002. Maintenance Pool – 2014-2016		
16 Investment Income	315,000	315,000
17 003. Construct State Veterans' Cemetery – Southeast Kentucky (Leslie		
18 County) Reauthorization (\$200,000 General Fund, \$6,000,000 Federal		
19 Funds)		
20 2. KENTUCKY INFRASTRUCTURE AUTHORITY		
21 001. KIA Fund A – Federally Assisted Wastewater Program – 2014-2016		
22 Federal Funds	16,227,100	16,211,300
23 Bond Funds	-0-	3,100,000
24 Agency Bonds	100,000,000	-0-
25 TOTAL	116,227,100	19,311,300

26 **(1) Permitted Use of Funds:** The Bond Funds shall be used to meet the
 27 state match requirement for federal funds for the Wastewater State Revolving Loan Fund

1 program.

2 **002.** KIA Fund F – Drinking Water Revolving Loan Program – 2014-2016

3	Federal Funds	12,757,700	12,753,000
4	Bond Funds	-0-	2,300,000
5	Agency Bonds	25,000,000	-0-
6	TOTAL	37,757,700	15,053,000

7 **(1) Permitted Use of Funds:** The Bond Funds shall be used to meet the
 8 state match requirement for federal funds for the Safe Drinking Water State Revolving
 9 Loan Fund program.

10 **003.** Jessamine-South Elkhorn Water District - Catnip Hill Pike 1.0 MG
 11 Elevated Storage Tank Project (WX21113016) Reauthorization and
 12 Reallocation (\$440,000 Bond Funds)

13 **(1) Reauthorization and Reallocation:** The above project is authorized
 14 from a reallocation of the City of Wilmore - Sewer System Service to Ichthus Area
 15 project as set forth in 2006 Ky. Acts, ch. 252, Part II, O., Jessamine County, 004. and
 16 amended by 2006 Ky. Acts, ch. 251, Section 73., the Jessamine County Fiscal Court -
 17 Sewer Project project as set forth in 2006 Ky. Acts, ch. 252, Part II, O., Jessamine
 18 County, 007. and amended by 2006 Ky. Acts, ch. 251, Section 74., and the Jessamine
 19 County Fiscal Court - Sewer Service to Centennial Park project as set forth in 2006 Ky.
 20 Acts, ch. 252, Part II, O., Jessamine County, 008. and amended by 2006 Ky. Acts, ch.
 21 251, Section 75.

22 **004.** Harlan County Fiscal Court - Black Mountain Utility District -
 23 Greenhill Water Line Rehabilitation Project Reauthorization and
 24 Reallocation (\$325,000 Restricted Funds)

25 **(1) Reauthorization and Reallocation:** The above project is authorized
 26 from a reallocation of the Harlan County Fiscal Court - Black Mountain Utility District -
 27 Greenhill Water - Woodward Water Project Reauthorization and Reallocation project as

1 set forth in 2012 Ky. Acts, ch. 144, Section 1., Part II, A., 2., 016.

2 **005.** Greenup County Fiscal Court - Water Lines Reauthorization and
3 Reallocation (\$25,000 Bond Funds)

4 **(1) Reauthorization and Reallocation:** The above project is authorized
5 from a reallocation of the Greenup County Fiscal Court - South Shore - McKell Branch
6 Water and Sewer Work for Meeting Room Expansion/Renovation project as set forth in
7 2008 Ky. Acts ch. 191, Section 2, Greenup County, 020. and in 2009 Ky. Acts ch. 50,
8 Section 2, Greenup County, 020.

9 **006.** Greenup County Fiscal Court - Water and Sewer Reauthorization and
10 Reallocation (\$20,000 Bond Funds)

11 **(1) Reauthorization and Reallocation:** The above project is authorized
12 from a reallocation of the Greenup County Fiscal Court - Water and Sewer Improvements
13 project as set forth in 2005 Ky. Acts ch. 170, Volume Ia, Part II, Infrastructure for
14 Economic Development Fund for Coal Producing Counties, Greenup.

15 **007.** City of Wurtland - Sewer Expansion Project Reauthorization and
16 Reallocation (\$100,996 Bond Funds)

17 **(1) Reauthorization and Reallocation:** The above project is authorized
18 from a reallocation of the City of Wurtland - Lloyd Sewer Expansion Project project as
19 set forth in 2005 Ky. Acts ch. 170, Volume Ia, Part II, Infrastructure for Economic
20 Development Fund for Coal Producing Counties, Greenup.

21 **008.** City of Wurtland - Sewer Project (SX21089021) Reauthorization and
22 Reallocation (\$470,000 Bond Funds)

23 **(1) Reauthorization and Reallocation:** The above project is authorized
24 from a reallocation of the City of Wurtland - Lloyd Sewer Project (SX21089021) project
25 as set forth in 2006 Ky. Acts, ch. 252, Part II, N., Greenup County, 009.

26 **009.** City of Scottsville - Spring Valley Sewer Extension Project
27 (SX21003026) Reauthorization and Reallocation (\$102,500 Bond

1 Funds)

2 **(1) Reauthorization and Reallocation:** The above project is authorized
 3 from a reallocation of the City of Scottsville - 980 Project Extension Sewer and Water to
 4 New Highway #231 project as set forth in 2005 Ky. Acts ch. 170, Volume Ia, Part II,
 5 Infrastructure for Economic Development Fund for Tobacco Counties, Allen and the City
 6 of Scottsville - Sewer Lines to Future Industrial Property project as set forth in 2008 Ky.
 7 Acts ch. 191, Section 2, Allen County, 005. and in 2009 Ky. Acts ch. 50, Section 2, Allen
 8 County, 005.

9 **010.** City of Manchester - Raw Water Pump Replacement - Goose Creek
 10 Intake (WX21051009) Reauthorization and Reallocation (\$50,000
 11 Restricted Funds)

12 **(1) Reauthorization and Reallocation:** The above project is authorized
 13 from a reallocation of the City of Manchester - Hacker Water Line - Hacker School to
 14 Fire Department project as set forth in 2012 Ky. Acts, ch. 144, Section 1., Part II, M.,
 15 Clay County, 001.

16 **011.** Bourbon County Fiscal Court - City of Paris - Centerville Sewer
 17 Project (SX21017009) Reauthorization and Reallocation (\$257,700
 18 Bond Funds)

19 **(1) Reauthorization and Reallocation:** The above project is authorized
 20 from a reallocation of the Bourbon County Fiscal Court - Bourbon Hills Sanitary Sewer
 21 Collection Project project as set forth in 2005 Ky. Acts ch. 170, Volume Ia, Part II,
 22 Infrastructure for Economic Development Fund for Tobacco Counties, Bourbon and the
 23 City of Paris - Bourbon Hills Sanitary Sewer Collection Project (SX21017006) project as
 24 set forth in 2008 Ky. Acts ch. 191, Section 2, Bourbon County, 005. and in 2009 Ky. Acts
 25 ch. 50, Section 2, Bourbon County, 005. and the City of Paris - Bourbon Hills Sanitary
 26 Sewer Collection Project Phase II (SX21017011) project as set forth in 2008 Ky. Acts ch.
 27 191, Section 2, Bourbon County, 007. and in 2009 Ky. Acts ch. 50, Section 2, Bourbon

1 County, 007.and the Bourbon County Fiscal Court - Fire Hydrant Project project as set
2 forth in 2006 Ky. Acts, ch. 252, Part II, O., Bourbon County, 003.

3 **012.** City of Greenup - Supplemental Fire Hydrant - Rte. 207
4 Reauthorization and Reallocation (\$1,000 Bond Funds)

5 **(1) Reauthorization and Reallocation:** The above project is authorized
6 from a reallocation of the City of Greenup - Water Improvements Reauthorization and
7 Reallocation project as set forth in 2012 Ky. Acts, ch. 144, Section 1., Part II, A., 2., 010.

8 **013.** Monroe County Water District - Monroe County Water District
9 Improvement - Tooley Ridge Tank Replacement (WX21171008)
10 Reauthorization and Reallocation (\$270,000 Bond Funds)

11 **(1) Reauthorization and Reallocation:** The above project is authorized
12 from a reallocation of the Monroe-Tompkinsville Regional Water Treatment Plant -
13 Monroe - Tompkinsville Regional Water Treatment Plant (WX21171027) project as set
14 forth in 2008 Ky. Acts ch. 191, Section 2, Monroe County, 004. and in 2009 Ky. Acts ch.
15 50, Section 2, Monroe County, 004.

16 **014.** Monroe County Water District - Monroe County - City of Edmonton
17 Interconnect (WX21171044) Reauthorization and Reallocation
18 (\$99,000 Bond Funds)

19 **(1) Reauthorization and Reallocation:** The above project is authorized
20 from a reallocation of the Monroe-Tompkinsville Regional Water Treatment Plant -
21 Monroe - Tompkinsville Regional Water Treatment Plant (WX21171027) project as set
22 forth in 2008 Ky. Acts ch. 191, Section 2, Monroe County, 004. and in 2009 Ky. Acts ch.
23 50, Section 2, Monroe County, 004.

24 **015.** Monroe County Water District - Treatment Plant Upgrade Phase 2
25 (WX21171045) Reauthorization and Reallocation (\$78,266 Bond
26 Funds)

27 **(1) Reauthorization and Reallocation:** The above project is authorized

1 from a reallocation of the Monroe-Tompkinsville Regional Water Treatment Plant -
 2 Monroe - Tompkinsville Regional Water Treatment Plant (WX21171027) project as set
 3 forth in 2008 Ky. Acts ch. 191, Section 2, Monroe County, 004. and in 2009 Ky. Acts ch.
 4 50, Section 2, Monroe County, 004.

5 **016.** City of Tompkinsville - Beldon Water Tank Rehab (WX21171020)
 6 Reauthorization and Reallocation (\$100,000 Bond Funds)

7 **(1) Reauthorization and Reallocation:** The above project is authorized
 8 from a reallocation of the City of Tompkinsville - East Industrial Park Sewer
 9 Improvements (SX21171013) project as set forth in 2008 Ky. Acts ch. 191, Section 2,
 10 Monroe County, 002. and in 2009 Ky. Acts ch. 50, Section 2, Monroe County, 002.

11 **017.** Monroe County Water District - Treatment Plant Upgrade Phase 2
 12 (WX21171045) Reauthorization and Reallocation (\$320,096 Bond
 13 Funds)

14 **(1) Reauthorization and Reallocation:** The above project is authorized
 15 from a reallocation of the Tompkinsville and Monroe County Water Districts - Joint
 16 Water Treatment Plant project as set forth in 2006 Ky. Acts, ch. 252, Part II, O., Monroe
 17 County, 005.

18 **018.** City of Campbellsville - Wastewater Treatment Plant Improvements
 19 (SX21217001) Reauthorization and Reallocation (\$267,100 Bond
 20 Funds)

21 **(1) Reauthorization and Reallocation:** The above project is authorized
 22 from a reallocation of the City of Campbellsville - Sewer Lines for Campbellsville
 23 Bypass project as set forth in 2008 Ky. Acts ch. 191, Section 2, Taylor County, 002. and
 24 in 2009 Ky. Acts ch. 50, Section 2, Taylor County, 002., and the City of Campbellsville -
 25 Water and Sewer for Campbellsville/Taylor County Regional Health Center and Various
 26 Projects project as set forth in 2008 Ky. Acts ch. 191, Section 2, Taylor County, 005. and
 27 in 2009 Ky. Acts ch. 50, Section 2, Taylor County, 005.

1 **3. MILITARY AFFAIRS**

2 **001.** Construct Joint Forces Readiness Center Phase I – Frankfort –
 3 Additional Reauthorization (\$9,500,000 Federal Funds)
 4 Federal Funds 13,500,000 -0-

5 **002.** Construct Building 102 – Bluegrass Station
 6 Other Funds 12,500,000 -0-

7 **(1) Authorization:** The above authorization is approved pursuant to KRS
 8 45.763.

9 **003.** Construct Building 222 – Bluegrass Station
 10 Other Funds 10,970,000 -0-

11 **(1) Authorization:** The above authorization is approved pursuant to KRS
 12 45.763.

13 **004.** Convert Existing Army Aviation Support Facility to Combined Support
 14 Maintenance Shop Facility – Frankfort
 15 Federal Funds 9,500,000 -0-

16 **005.** Construct Building 196 – Bluegrass Station
 17 Other Funds 8,000,000 -0-

18 **(1) Authorization:** The above authorization is approved pursuant to KRS
 19 45.763.

20 **006.** Construct Building 223 – Bluegrass Station
 21 Other Funds 7,000,000 -0-

22 **(1) Authorization:** The above authorization is approved pursuant to KRS
 23 45.763.

24 **007.** Construct Qualification Training Range – WHFRTC
 25 Federal Funds 6,515,000 -0-

26 **008.** Construct Building 198 – Bluegrass Station
 27 Other Funds 5,850,000 -0-

1 **(1) Economic Development Bond Issues:** Before any economic development
 2 bonds are issued, the proposed bond issue shall be approved by the Secretary of the
 3 Finance and Administration Cabinet and the State Property and Buildings Commission
 4 under KRS 56.440 to 56.590. In addition to the terms and conditions of KRS 154.12-100,
 5 administration of the Economic Development Bond Program by the Secretary of the
 6 Cabinet for Economic Development is subject to the following guideline: project
 7 selection shall be documented when presented to the Secretary of the Finance and
 8 Administration Cabinet. Included in the documentation shall be the rationale for selection
 9 and expected economic development impact.

10 **(2) Use of New Economy Funds:** Notwithstanding 2010 (1st Extra. Sess.) Ky.
 11 Acts ch. 1, Part II, B., the \$5,000,000 in the High-Tech Construction and High-Tech
 12 Investment Pool is available for projects and loans approved by the Kentucky Economic
 13 Development Finance Authority under the terms and conditions of its existing loan
 14 programs as well as for projects in the High-Tech Construction Pool and the High-Tech
 15 Investment Pool in KRS 154.12-278.

16 **(3) Use of New Economy Funds, Economic Development Bond Funds, and**
 17 **Kentucky Economic Development Finance Authority Loan Pool:** Notwithstanding
 18 KRS 154.12-100, 154.12-278(4) and (5), and 154.20-035, the Secretary of the Cabinet for
 19 Economic Development may use funds appropriated in the Economic Development Bond
 20 Program, High-Tech Construction/Investment Pool, and the Kentucky Economic
 21 Development Finance Authority Loan Pool interchangeably for economic development
 22 projects.

23 Budget Units	2014-15	2015-16
24 1. ECONOMIC DEVELOPMENT		
25 001. Economic Development Bond Program – 2014-2016		
26 Bond Funds	-0-	7,000,000
27 002. High-Tech Construction/Investment Pool – 2014-2016		

1	Bond Funds	-0-	7,000,000
2	003. Kentucky Economic Development Finance Authority Loan Pool –		
3	2014-2016		
4	Bond Funds	-0-	7,000,000

C. DEPARTMENT OF EDUCATION

6	Budget Units	2014-15	2015-16
7	1. OPERATIONS AND SUPPORT SERVICES		
8	001. Maintenance Pool – 2014-2016		
9	Bond Funds	675,000	675,000

D. EDUCATION AND WORKFORCE DEVELOPMENT CABINET

11	Budget Units	2014-15	2015-16
12	1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT		
13	001. Maintenance Pool – 2014-2016		
14	Investment Income	400,000	400,000

15	2. KENTUCKY EDUCATIONAL TELEVISION		
16	001. Maintenance Pool – 2014-2016		
17	Investment Income	300,000	300,000
18	002. Digital Conversion/Phase 3		
19	General Fund	2,000,000	-0-

20	3. LIBRARIES AND ARCHIVES		
21	a. GENERAL OPERATIONS		
22	001. Franklin County – Lease		
23	4. EMPLOYMENT AND TRAINING		
24	001. Hardin County – Lease		
25	002. Kenton County – Lease		
26	5. VOCATIONAL REHABILITATION		
27	001. Fayette County – Lease		

1 **6. EDUCATION PROFESSIONAL STANDARDS BOARD**

2 **001. Educator Preparation System**

3 Restricted Funds 1,270,000 -0-

4 **E. ENERGY AND ENVIRONMENT CABINET**

5 **Budget Units 2014-15 2015-16**

6 **1. SECRETARY**

7 **001. Kentucky Heritage Land Conservation Fund – 2014-2016**

8 Federal Funds 5,000,000 5,000,000

9 Restricted Funds 5,000,000 5,000,000

10 TOTAL 10,000,000 10,000,000

11 **002. Maintenance Pool – 2014-2016**

12 Investment Income 200,000 200,000

13 **2. ENVIRONMENTAL PROTECTION**

14 **001. TEMPO System Upgrade**

15 Capital Construction Surplus 735,000 -0-

16 **002. State-Owned Dam Repair – 2014-2016**

17 Bond Funds -0- 600,000

18 **003. Franklin County – Lease – 200 Fair Oaks**

19 **004. Franklin County – Lease – 300 Fair Oaks**

20 **3. NATURAL RESOURCES**

21 **001. Franklin County – Lease**

22 **F. FINANCE AND ADMINISTRATION CABINET**

23 **Budget Units 2014-15 2015-16**

24 **1. GENERAL ADMINISTRATION**

25 **001. Next Generation Kentucky Information Highway**

26 Federal Funds 20,000,000 -0-

27 Bond Funds 30,000,000 -0-

1	Other Funds	20,000,000	-0-
2	TOTAL	70,000,000	-0-
3	002. Business One-Stop Portal – Phase II		
4	General Fund	2,600,000	-0-
5	Bond Funds	-0-	4,143,000
6	TOTAL	2,600,000	4,143,000
7	003. High Speed Inserters		
8	Restricted Funds	1,050,000	-0-

9 **2. FACILITIES AND SUPPORT SERVICES**

10	001. Maintenance Pool – 2014-2016		
11	Bond Funds	3,000,000	3,000,000
12	002. Upgrade State Data Center Readiness		
13	Bond Funds	2,000,000	-0-
14	003. Install Energy Management System Controls		
15	Bond Funds	1,500,000	-0-
16	004. Guaranteed Energy Savings Performance Contracts		
17	005. Lease-Purchase State Office Building - Franklin County		

18 **(1) Authorization:** The above authorization is approved pursuant to KRS
19 45.763.

20 **3. COMMONWEALTH OFFICE OF TECHNOLOGY**

21 **(1) Transfer of Restricted Funds from Operating Budget:** For the major
22 equipment purchases displayed in this section funded from Restricted Funds, it is
23 anticipated that these funds shall be transferred from the Operating Budget as funds are
24 available and needed.

25	001. Infrastructure Upgrades – 2014-2016		
26	Restricted Funds	7,500,000	7,500,000
27	002. Security Software		

1	002. Franklin County – Lease		
2	4. PUBLIC HEALTH		
3	001. Radiation Monitoring Equipment		
4	Bond Funds	2,486,000	-0-
5	002. Laboratory Newborn Screening Equipment		
6	Restricted Funds	1,040,000	-0-
7	003. Franklin County – Lease		
8	5. INCOME SUPPORT		
9	001. Franklin County – Lease		
10	002. Jefferson County – Lease		
11	6. COMMUNITY BASED SERVICES		
12	001. Boone County – Lease		
13	002. Boyd County – Lease		
14	003. Campbell County – Lease		
15	004. Daviess County – Lease		
16	005. Fayette County – Lease		
17	006. Fayette County – Lease – Centre Parkway		
18	007. Hardin County – Lease		
19	008. Johnson County – Lease		
20	009. Kenton County – Lease		
21	010. Scott County – Lease		
22	011. Shelby County – Lease		
23	012. Warren County – Lease		
24	7. HEALTH BENEFIT EXCHANGE		
25	001. Franklin County – Lease		
26	H. JUSTICE AND PUBLIC SAFETY CABINET		
27	Budget Units	2014-15	2015-16

1	1. CRIMINAL JUSTICE TRAINING		
2	001. Records and Registration Information System Replacement		
3	Restricted Funds	400,000	-0-
4	2. JUVENILE JUSTICE		
5	001. Maintenance Pool – 2014-2016		
6	Investment Income	500,000	500,000
7	3. STATE POLICE		
8	001. Replace/Upgrade Mobile Data Computers		
9	Bond Funds	2,000,000	-0-
10	002. Purchase Gas Chromatography/Mass Spectrometers		
11	Bond Funds	1,000,000	-0-
12	003. Maintenance Pool – 2014-2016		
13	Investment Income	400,000	400,000
14	4. CORRECTIONS		
15	a. Corrections Management		
16	001. Upgrade Kentucky Offender Management System		
17	Capital Construction Surplus	1,000,000	-0-
18	b. Adult Correctional Institutions		
19	001. Maintenance Pool – 2014-2016		
20	Bond Funds	2,750,000	2,750,000
21	5. PUBLIC ADVOCACY		
22	001. Fayette County – Lease		
23	002. Franklin County – Lease		
24	I. LABOR CABINET		
25	Budget Units	2014-15	2015-16
26	1. SECRETARY		
27	001. Online Filing System		

1	001. Jefferson County – Lease		
2	3. EASTERN KENTUCKY UNIVERSITY		
3	001. Construct Science Building – Phase 2 and 3		
4	Restricted Funds	25,000,000	-0-
5	Bond Funds	66,340,000	-0-
6	TOTAL	91,340,000	-0-
7	002. Renovate/Improve Athletics Facilities		
8	Agency Bonds	15,000,000	-0-
9	003. Expand, Upgrade Campus Data Network		
10	Restricted Funds	7,212,000	6,000,000
11	004. Construct Regional Health Facility		
12	Federal Funds	12,500,000	-0-
13	005. Construct Bio-Fuels Research Facility		
14	Federal Funds	12,240,000	-0-
15	006. EKU-UK Dairy Research Project (Meadowbrook Farm)		
16	Restricted Funds	10,360,000	-0-
17	007. Miscellaneous Maintenance Pool – 2014-2016		
18	Restricted Funds	5,000,000	5,000,000
19	008. Renovate HVAC Systems		
20	Restricted Funds	10,000,000	-0-
21	009. Construct Student Athlete Support Facility		
22	Restricted Funds	7,823,000	-0-
23	010. Purchase Networked Education System Component		
24	Restricted Funds	3,450,000	3,500,000
25	011. Renovate HVAC Systems – Additional		
26	Restricted Funds	5,500,000	-0-
27	012. Purchase Minor Projects Equipment		

1	Restricted Funds	5,000,000	-0-
2	013. Upgrade Academic Computing		
3	Restricted Funds	2,500,000	2,500,000
4	014. Construct Addition to Ashland Building		
5	Restricted Funds	3,400,000	-0-
6	015. Construct EKU Early Childhood Center		
7	Restricted Funds	3,350,000	-0-
8	016. Expand Indoor Tennis Facility		
9	Other Funds	3,225,000	-0-
10	017. Upgrade Administrative Computing System		
11	Restricted Funds	1,650,000	1,500,000
12	018. Purchase of Adjacent Property		
13	Restricted Funds	3,000,000	-0-
14	019. Renovate Property		
15	Other Funds	3,000,000	-0-
16	020. Renovate Student Health Center		
17	Restricted Funds	2,705,000	-0-
18	021. Commonwealth Hall Partial Repurposing and Renovation		
19	Restricted Funds	2,500,000	-0-
20	022. Renovate Alumni Coliseum and Weaver Pools		
21	Restricted Funds	2,500,000	-0-
22	023. Renovate Baseball Complex		
23	Other Funds	-0-	2,200,000
24	024. Construct Aviation Instruction Facility		
25	Restricted Funds	-0-	2,000,000
26	025. Martin Hall Repurposing and Partial Renovation		
27	Restricted Funds	2,000,000	-0-

1	026. Purchase Video Board and Sound System for Alumni Coliseum		
2	Restricted Funds	750,000	-0-
3	Other Funds	750,000	-0-
4	TOTAL	1,500,000	-0-
5	027. Renovate Women's Softball Complex		
6	Other Funds	1,500,000	-0-
7	028. Renovate Lancaster Center Building		
8	Other Funds	1,472,000	-0-
9	029. Renovate Begley Building Concrete		
10	Restricted Funds	1,250,000	-0-
11	030. Install Lights for Baseball, Softball, and Soccer		
12	Other Funds	1,224,000	-0-
13	031. Construct Pedestrian Bridge		
14	Restricted Funds	600,000	-0-
15	Other Funds	600,000	-0-
16	TOTAL	1,200,000	-0-
17	032. Renovate Blanton House		
18	Restricted Funds	1,100,000	-0-
19	033. Renovate Ambulance Building		
20	Restricted Funds	980,000	-0-
21	034. Construct E&G Life Safety Begley Elevator		
22	Restricted Funds	765,000	-0-
23	035. Madison County – Student Housing – Lease		
24	036. Construct College of Education Complex (Model Laboratory School)		
25	Restricted Funds	83,455,000	-0-
26	037. Construct University Activity Center, Phase II		
27	Restricted Funds	31,900,000	-0-

1	038. Construct New Student Housing		
2	Other Funds	75,000,000	-0-
3	(1) Authorization: The above authorization is approved pursuant to KRS		
4	45.763.		
5	(2) Financial Obligations: All costs associated with the financing of this		
6	project shall be at the offeror's risk.		
7	039. Renovate Residence Hall		
8	Restricted Funds	12,500,000	-0-
9	040. Renovate Whalen Complex		
10	Restricted Funds	22,837,000	-0-
11	041. Construct University Information Technology Center		
12	Restricted Funds	41,397,000	-0-
13	4. KENTUCKY STATE UNIVERSITY		
14	001. Renovate Atwood Agricultural Research Building		
15	Federal Funds	12,368,000	-0-
16	002. Replace Boilers and Aging Distribution Lines		
17	Bond Funds	10,400,000	-0-
18	003. Construct Aquaculture Academic Research Facility		
19	Federal Funds	7,443,000	-0-
20	004. Upgrade Information Technology Infrastructure		
21	Restricted Funds	6,261,000	-0-
22	005. Renovate Jackson Hall – Phase II		
23	Restricted Funds	5,628,000	-0-
24	006. Construct Athletic Sports Complex		
25	Agency Bonds	5,487,000	-0-
26	007. Renovate Computer Lab in Hill Student Center		
27	Restricted Funds	5,389,000	-0-

1	008. Expand Emergency Notification System		
2	Restricted Funds	4,580,000	-0-
3	009. Roof Repair and Replacement Pool – 2014-2016		
4	Restricted Funds	3,375,000	-0-
5	010. Acquire Land/Campus Master Plan – 2014-2016		
6	Restricted Funds	1,000,000	-0-
7	Federal Funds	1,000,000	-0-
8	TOTAL	2,000,000	-0-
9	011. Athletics Project Pool – 2014-2016		
10	Restricted Funds	1,702,000	-0-
11	012. Capital Renewal and Maintenance Projects Pool – 2014-2016		
12	Restricted Funds	1,460,000	-0-
13	013. Life Safety Upgrade Pool – 2014-2016		
14	Restricted Funds	1,363,000	-0-
15	014. Replace Alumni House		
16	Restricted Funds	1,241,000	-0-
17	015. Upgrade Computers Campus Wide		
18	Restricted Funds	1,208,000	-0-
19	016. Create Pedestrian Mall Hathaway Hall – Hume Hall		
20	Restricted Funds	1,125,000	-0-
21	017. Develop Bicycle/Pedestrian Trail		
22	Restricted Funds	1,025,000	-0-
23	018. Improve Campus Landscape and Signage		
24	Restricted Funds	906,000	-0-
25	019. Construct New Residence Hall Reauthorization (\$52,762,000 Other		
26	Funds)		
27	020. Guaranteed Energy Savings Performance Contracts		

1	5. MOREHEAD STATE UNIVERSITY		
2	001. Renovate/Expand Student Services Facility		
3	Bond Funds	49,679,000	-0-
4	002. Construct Student Residential Facilities		
5	Agency Bonds	30,735,000	-0-
6	003. Construct Food Service/Retail and Parking Structure		
7	Other Funds	2,000,000	-0-
8	004. Construct Veterinary Technology Clinical Sciences Center		
9	Restricted Funds	11,522,000	-0-
10	005. Construct University Welcome Center/Alumni House		
11	Restricted Funds	3,711,000	-0-
12	Other Funds	6,000,000	-0-
13	TOTAL	9,711,000	-0-
14	006. Capital Renewal and Maintenance Pool – E&G		
15	Restricted Funds	6,259,000	-0-
16	007. Enhance Network/Infrastructure Resources		
17	Restricted Funds	5,945,000	-0-
18	008. Upgrade Instructional PCs/LANS/Peripherals		
19	Restricted Funds	5,000,000	-0-
20	009. Acquire Land Related to Master Plan		
21	Restricted Funds	4,000,000	-0-
22	010. Upgrade Administrative Office Systems		
23	Restricted Funds	4,000,000	-0-
24	011. Comply with ADA – E&G		
25	Restricted Funds	3,877,000	-0-
26	012. Renovate McClure Pool		
27	Restricted Funds	2,600,000	-0-

1	013. Upgrade Campus Fire and Security Systems		
2	Restricted Funds	3,000,000	-0-
3	014. Construct Honors College Facility		
4	Restricted Funds	2,884,000	-0-
5	015. Reconstruct Central Campus		
6	Restricted Funds	2,810,000	-0-
7	016. Capital Renewal and Maintenance Pool – Auxiliary		
8	Restricted Funds	2,668,000	-0-
9	017. Replace Electrical Switchgear		
10	Restricted Funds	2,660,000	-0-
11	018. Purchase Instructional Technology Initiatives		
12	Restricted Funds	2,484,000	-0-
13	019. Design Library Facility		
14	Restricted Funds	1,640,000	-0-
15	020. Design Music Academic and Performance Arts Building		
16	Restricted Funds	1,622,000	-0-
17	021. Construct Classroom/Lab Building at Browning Orchard		
18	Restricted Funds	1,597,000	-0-
19	022. Water Plant Sediment Basin		
20	Restricted Funds	1,500,000	-0-
21	023. Upgrade and Expand Distance Learning		
22	Restricted Funds	1,398,000	-0-
23	024. Enhance Library Automation Resources		
24	Restricted Funds	1,264,000	-0-
25	025. Capital Renewal and Maintenance Pool – University Farm		
26	Restricted Funds	1,209,000	-0-
27	026. Purchase Equipment for Biochemistry Lab		

1	Restricted Funds	450,000	-0-
2	027. Guaranteed Energy Savings Performance Contracts		
3	028. Renovate Combs Classroom Building		
4	Restricted Funds	37,048,000	-0-
5	029. Construct Athletic Administration and Sports Performance Building		
6	Restricted Funds	24,582,000	-0-
7	030. Renovate Button Auditorium		
8	Restricted Funds	13,158,000	-0-
9	6. MURRAY STATE UNIVERSITY		
10	001. Construct/Complete New Science Complex – Final Phase		
11	Restricted Funds	5,000,000	-0-
12	Bond Funds	31,890,000	-0-
13	TOTAL	36,890,000	-0-
14	002. Construct New Breathitt Veterinary Center		
15	Bond Funds	32,468,000	-0-
16	(1) Authorization: Unexpended funds authorized in 2012 Ky. Acts ch. 144,		
17	Part II, J., 6., 030 may also be used for this project.		
18	003. Replace Franklin Hall		
19	Agency Bonds	28,953,000	-0-
20	004. Renovate White Hall		
21	Restricted Funds	11,906,000	-0-
22	005. Renovate Pogue Library		
23	Restricted Funds	9,040,000	-0-
24	006. Renovate Exposition Center		
25	Restricted Funds	8,922,000	-0-
26	007. Complete Capital Renewal – H&D Pool < \$600,000		
27	Restricted Funds	6,734,000	-0-

1	008. Extend Energy Management System		
2	Restricted Funds	6,677,000	-0-
3	009. Complete ADA Compliance – E&G Pool <\$600,000		
4	Restricted Funds	6,035,000	-0-
5	010. Replace Campus Steam Distribution System		
6	Restricted Funds	5,968,000	-0-
7	011. Upgrade Campus Phone and Data Network		
8	Restricted Funds	4,485,000	-0-
9	012. College of Science Instructional/Research Equipment		
10	Restricted Funds	3,500,000	-0-
11	013. Complete Life Safety Projects – E&G Pool <\$600,000		
12	Restricted Funds	2,219,000	-0-
13	014. Construct Livestock Instructional Laboratory		
14	Restricted Funds	2,145,000	-0-
15	015. Campus Desktop Virtualization		
16	Restricted Funds	1,898,000	-0-
17	016. Demolish Woods Hall		
18	Restricted Funds	1,748,000	-0-
19	017. Renovate White Hall HVAC System		
20	Restricted Funds	1,576,000	-0-
21	018. Replace Stewart Stadium Playing Surfaces		
22	Restricted Funds	1,402,000	-0-
23	019. Renovate Paducah Crisp Center		
24	Restricted Funds	1,300,000	-0-
25	020. Upgrade Applied Science Electrical System		
26	Restricted Funds	1,285,000	-0-
27	021. Student Desktop Virtualization		

1	Restricted Funds	1,265,000	-0-
2	022. Install Sprinkler System – Blackburn Science Building		
3	Restricted Funds	1,264,000	-0-
4	023. Renovate Pogue Library Electric and HVAC		
5	Restricted Funds	1,229,000	-0-
6	024. ITV Upgrades to Murray State University System		
7	Restricted Funds	1,223,000	-0-
8	025. Construct Open-Sided Stall Barn at Expo Center		
9	Restricted Funds	1,203,000	-0-
10	026. Construct Addition to Winslow Cafeteria		
11	Restricted Funds	1,200,000	-0-
12	027. Renovate White Hall Interior		
13	Restricted Funds	1,184,000	-0-
14	028. Renovate Regents Hall Electrical System		
15	Restricted Funds	1,143,000	-0-
16	029. Renovate Hart Hall Electrical System		
17	Restricted Funds	1,017,000	-0-
18	030. Renovate White Hall Electrical System		
19	Restricted Funds	1,015,000	-0-
20	031. Acquire Land		
21	Restricted Funds	1,000,000	-0-
22	032. Replace E&G Chiller/CFC Compliance		
23	Restricted Funds	965,000	-0-
24	033. Waterproof Stewart Stadium		
25	Restricted Funds	882,000	-0-
26	034. Replace Exposition Center Roof		
27	Restricted Funds	867,000	-0-

1	035. Campus Backbone 10 GigE Upgrade		
2	Restricted Funds	853,000	-0-
3	036. Replace White Hall Domestic Water Piping		
4	Restricted Funds	845,000	-0-
5	037. Agriculture Instructional Laboratory and Technology Equipment		
6	Restricted Funds	800,000	-0-
7	038. Complete ADA Compliance – H&D Pool <\$600,000		
8	Restricted Funds	659,000	-0-
9	039. Information Technology Infrastructure for TSM and IET		
10	Restricted Funds	625,000	-0-
11	040. Renovate Buildings – H&D Pool <\$600,000		
12	Restricted Funds	595,000	-0-
13	041. Abate Asbestos – E&G Pool <\$600,000		
14	Restricted Funds	397,000	-0-
15	042. Broadcasting Education Laboratory Equipment		
16	Restricted Funds	225,000	-0-
17	043. Abate Asbestos – H&D Pool <\$600,000		
18	Restricted Funds	177,000	-0-
19	044. Upgrade Campus Electrical Distribution System		
20	Restricted Funds	13,038,000	-0-
21	045. Renovate Blackburn Hall		
22	Restricted Funds	34,952,000	-0-
23	046. Construct New University Library		
24	Restricted Funds	69,725,000	-0-
25	047. Capital Renewal Projects Pool		
26	Restricted Funds	18,406,000	-0-
27	048. Renovate Lovett Auditorium (Historic Building)		

1	Restricted Funds	25,069,000	-0-
2	049. Replace Campus Communications Infrastructure Components		
3	Restricted Funds	3,300,000	-0-
4	050. Renovate and Expand Waterfield Library		
5	Restricted Funds	19,000,000	-0-
6	7. NORTHERN KENTUCKY UNIVERSITY		
7	001. Renovate Old Science/Construct Health Innovation		
8	Bond Funds	97,000,000	-0-
9	002. Develop Town/Gown Project		
10	Other Funds	86,500,000	-0-
11	003. Expand University Drive Parking Garage		
12	Agency Bonds	15,000,000	-0-
13	004. Construct Alumni Center		
14	Other Funds	10,500,000	-0-
15	005. Construct Athletics Practice Facility		
16	Other Funds	10,500,000	-0-
17	006. Renew E&G Buildings Systems Projects Pool		
18	Restricted Funds	7,000,000	-0-
19	007. Repair Structural Heaving Landrum and Fine Arts		
20	Restricted Funds	6,400,000	-0-
21	008. Renovate Gateway/Highland Heights Campus		
22	Restricted Funds	6,000,000	-0-
23	009. Renovate/Expand Baseball Field		
24	Other Funds	4,600,000	-0-
25	(1) Authorization: The above authorization is approved pursuant to KRS		
26	45.763.		
27	010. Relocate High Voltage Utilities		

1	Restricted Funds	4,500,000	-0-
2	011. Renovate Brown Building		
3	Restricted Funds	3,000,000	-0-
4	Other Funds	1,500,000	-0-
5	TOTAL	4,500,000	-0-
6	012. Upgrade Communication and Network Infrastructure		
7	Restricted Funds	4,300,000	-0-
8	013. Renovate Civic Center Building		
9	Restricted Funds	3,700,000	-0-
10	014. Initiate Phase II of Master Plan		
11	Restricted Funds	3,500,000	-0-
12	015. Renovate Early Childcare Center		
13	Restricted Funds	3,500,000	-0-
14	016. Renovate Residence Halls – 2014-2016		
15	Restricted Funds	2,500,000	-0-
16	Other Funds	1,000,000	-0-
17	TOTAL	3,500,000	-0-
18	017. Acquire Land/Master Plan – 2014-2016		
19	Restricted Funds	3,000,000	-0-
20	018. Enhance Administrative Systems		
21	Restricted Funds	2,500,000	-0-
22	019. Enhance Instructional Technology		
23	Restricted Funds	2,500,000	-0-
24	020. Replace Underground Gas Mains		
25	Restricted Funds	2,500,000	-0-
26	021. Construct Center for Applied Ecology Building		
27	Restricted Funds	1,000,000	-0-

1	Other Funds	1,000,000	-0-
2	TOTAL	2,000,000	-0-
3	022. Renew E&G Elevators – 2014-2016		
4	Restricted Funds	1,400,000	-0-
5	023. Construct Indoor Track/Multipurpose Facility		
6	Other Funds	12,000,000	-0-
7	024. Replace Callahan Roof		
8	Restricted Funds	1,200,000	-0-
9	025. Customer Relationship Management System		
10	Restricted Funds	750,000	-0-
11	026. Purchase Coach Bus		
12	Restricted Funds	690,000	-0-
13	027. Purchase Large Format Color Press		
14	Restricted Funds	375,000	-0-
15	028. Campbell County – Gateway Building – Lease		
16	029. Kenton County - METS Lease		
17	030. Guaranteed Energy Savings Performance Contracts		
18	031. Construct Satellite Parking Lot		
19	Restricted Funds	4,200,000	-0-
20	8. UNIVERSITY OF KENTUCKY		
21	001. Construct Student Housing		
22	Other Funds	202,000,000	-0-
23	(1) Authorization: The above authorization is approved pursuant to KRS		
24	45.763.		
25	002. Renovate/Expand University Student Center		
26	Restricted Funds	10,000,000	-0-
27	Agency Bonds	160,000,000	-0-

1	Other Funds	5,000,000	-0-
2	TOTAL	175,000,000	-0-
3	003. Renovate/Upgrade HealthCare Facilities		
4	Agency Bonds	150,000,000	-0-
5	004. Expand/Renovate/Upgrade Law Building		
6	Bond Funds	35,000,000	-0-
7	Agency Bonds	30,000,000	-0-
8	TOTAL	65,000,000	-0-
9	005. Acquire Land		
10	Restricted Funds	50,000,000	-0-
11	006. Upgrade Dining Facilities		
12	Other Funds	50,000,000	-0-
13	(1) Authorization: The above authorization is approved pursuant to KRS		
14	45.763.		
15	007. Renovate/Upgrade Academic Learning Center		
16	Restricted Funds	45,000,000	-0-
17	008. Capital Renewal Maintenance Pool		
18	Restricted Funds	119,000,000	-0-
19	009. Repair, Upgrade, or Improve Electrical Infrastructure		
20	Restricted Funds	28,000,000	-0-
21	010. Repair, Upgrade, or Improve Mechanical Infrastructure		
22	Restricted Funds	26,000,000	-0-
23	011. Acquire/Renovate Academic Facilities		
24	Restricted Funds	25,000,000	-0-
25	012. Fit-up Academic Science Building		
26	Restricted Funds	30,000,000	-0-
27	013. Renovate Campus Core Quadrangle Facilities		

1	Restricted Funds	30,000,000	-0-
2	014. Renovate/Upgrade Academic Space		
3	Restricted Funds	25,000,000	-0-
4	015. Repair Emergency Infrastructure/Building Systems		
5	Restricted Funds	25,000,000	-0-
6	016. Repair, Upgrade, or Improve Building Mechanical Systems		
7	Restricted Funds	25,000,000	-0-
8	017. Repair, Upgrade, or Improve Civil Site Infrastructure		
9	Restricted Funds	25,000,000	-0-
10	018. Upgrade/Fit-up Hospital Facilities		
11	Restricted Funds	35,000,000	-0-
12	019. Upgrade, Improve, and Expand Recreational Fields		
13	Restricted Funds	25,000,000	-0-
14	020. Upgrade, Renovate, Improve, or Expand Research Labs		
15	Restricted Funds	33,500,000	-0-
16	021. Construct Good Samaritan Medical Office Building – UK HealthCare		
17	Restricted Funds	23,700,000	-0-
18	022. Expand/Renovate Kastle Hall		
19	Restricted Funds	22,327,000	-0-
20	023. Purchase/Upgrade Pollution Controls		
21	Restricted Funds	22,000,000	-0-
22	024. Construct, Expand, and Renovate Ambulatory Care Facility – UK		
23	HealthCare		
24	Restricted Funds	20,000,000	-0-
25	025. Expand/Upgrade Coldstream Research Campus		
26	Restricted Funds	20,000,000	-0-
27	026. Implement Land Use Plan – UK HealthCare		

1	Restricted Funds	20,000,000	-0-
2	027. Repair, Upgrade, or Improve Building Systems – UK HealthCare		
3	Restricted Funds	20,000,000	-0-
4	028. Upgrade Enterprise Information Systems		
5	Restricted Funds	20,000,000	-0-
6	029. Upgrade Enterprise Information Systems – UK HealthCare		
7	Restricted Funds	20,000,000	-0-
8	030. Upgrade/Expand Cancer Treatment Facility – UK HealthCare		
9	Restricted Funds	20,000,000	-0-
10	031. Upgrade Student Center Infrastructure		
11	Restricted Funds	18,968,000	-0-
12	032. Renovate/Upgrade Pence Hall		
13	Restricted Funds	18,870,000	-0-
14	033. Renovate/Expand Johnson Center		
15	Restricted Funds	16,550,000	-0-
16	034. Renovate/Upgrade Academic Facility		
17	Restricted Funds	16,000,000	-0-
18	035. Construct Library Depository Facility		
19	Restricted Funds	15,000,000	-0-
20	036. Improve Life Safety Project Pool		
21	Restricted Funds	15,000,000	-0-
22	037. Renovate Singletary		
23	Restricted Funds	15,000,000	-0-
24	038. Renovate/Expand Clinical Services – UK HealthCare		
25	Restricted Funds	15,000,000	-0-
26	039. Renovate Alumni Gym and/or North Recreation Center		
27	Restricted Funds	14,500,000	-0-

1	040. Acquire Office-Campus Office Building		
2	Other Funds	10,000,000	-0-
3	(1) Authorization: The above authorization is approved pursuant to KRS		
4	45.763.		
5	041. Fit-up Academic/Administrative Space		
6	Restricted Funds	10,000,000	-0-
7	042. Implement Medication Bar Coding System – UK HealthCare		
8	Restricted Funds	10,000,000	-0-
9	043. Implement Patient Communication System – UK HealthCare		
10	Restricted Funds	10,000,000	-0-
11	044. Acquire and Implement Enterprise Security System – UK HealthCare		
12	Restricted Funds	10,000,000	-0-
13	045. Acquire Telemedicine/Virtual ICU		
14	Restricted Funds	10,000,000	-0-
15	046. Acquire/Upgrade UK HealthCare IT Systems		
16	Restricted Funds	10,000,000	-0-
17	047. Purchase Clinical Information System		
18	Restricted Funds	10,000,000	-0-
19	048. Purchase Digital Medical Record Expansion		
20	Restricted Funds	10,000,000	-0-
21	049. Purchase Document Scanning System		
22	Restricted Funds	10,000,000	-0-
23	050. Purchase Document Scanning System – UK HealthCare		
24	Restricted Funds	10,000,000	-0-
25	051. Renovate Academic/Administrative Space 1		
26	Restricted Funds	10,000,000	-0-
27	052. Renovate Academic/Administrative Space 2		

1	Restricted Funds	10,000,000	-0-
2	053. Renovate Taylor Education Building		
3	Restricted Funds	10,000,000	-0-
4	054. Renovate/Upgrade Hospital Facilities – Good Samaritan		
5	Restricted Funds	10,000,000	-0-
6	055. Expand/Renovate West Kentucky and Robinson Station		
7	Restricted Funds	9,835,000	-0-
8	056. Construct Equine Campus – Phase 2		
9	Restricted Funds	9,500,000	-0-
10	057. Upgrade Vivarium Facilities		
11	Restricted Funds	9,000,000	-0-
12	058. Relocate/Replace Greenhouses		
13	Restricted Funds	8,425,000	-0-
14	059. Expand Boone Tennis Center		
15	Restricted Funds	8,000,000	-0-
16	060. Upgrade/Renovate Clean Room Space – Coldstream		
17	Restricted Funds	8,000,000	-0-
18	061. Acquire High Performance Research Computer		
19	Restricted Funds	6,500,000	-0-
20	062. Upgrade Clinic Enterprise Network – UK HealthCare		
21	Restricted Funds	6,500,000	-0-
22	063. Construct Housing 1		
23	Restricted Funds	6,000,000	-0-
24	064. Construct Housing 2		
25	Restricted Funds	6,000,000	-0-
26	065. Construct Housing 3		
27	Restricted Funds	6,000,000	-0-

1	066. Construct University Storage Building		
2	Restricted Funds	6,000,000	-0-
3	067. Renovate Nursing Units – UK HealthCare		
4	Restricted Funds	6,000,000	-0-
5	068. Renovate/Upgrade Memorial Coliseum		
6	Restricted Funds	6,000,000	-0-
7	069. Acquire Large Scale Computing		
8	Restricted Funds	5,500,000	-0-
9	070. Expand KGS Well Sample and Core Repository		
10	Restricted Funds	5,280,000	-0-
11	071. Construct Transit Center		
12	Restricted Funds	5,000,000	-0-
13	072. Handicapped Access Pool		
14	Restricted Funds	5,000,000	-0-
15	073. Implement Real Time Locator System – UK HealthCare		
16	Restricted Funds	5,000,000	-0-
17	074. Acquire Personal Electronic Health Records		
18	Restricted Funds	5,000,000	-0-
19	075. Purchase Oncology Information System – UK HealthCare		
20	Restricted Funds	5,000,000	-0-
21	076. Purchase/Expand PACS System		
22	Restricted Funds	5,000,000	-0-
23	077. Acquire Data Repository System		
24	Restricted Funds	5,000,000	-0-
25	078. Renovate Academic/Administrative Space 3		
26	Restricted Funds	5,000,000	-0-
27	079. Renovate Academic/Administrative Space 4		

1	Restricted Funds	5,000,000	-0-
2	080. Renovate Central Computing Facility		
3	Restricted Funds	5,000,000	-0-
4	081. Renovate Chemistry/Physics Building		
5	Restricted Funds	5,000,000	-0-
6	082. Renovate Erickson Hall		
7	Restricted Funds	5,000,000	-0-
8	083. Renovate Fine Arts		
9	Restricted Funds	5,000,000	-0-
10	084. Renovate King Library		
11	Restricted Funds	5,000,000	-0-
12	085. Renovate Memorial Hall		
13	Restricted Funds	5,000,000	-0-
14	086. Repair, Upgrade, and Improve Building Electrical Systems		
15	Restricted Funds	5,000,000	-0-
16	087. Repair, Upgrade, and Improve Elevator Systems		
17	Restricted Funds	5,000,000	-0-
18	088. Repair, Upgrade, and Improve Building Shell Systems		
19	Restricted Funds	5,000,000	-0-
20	089. Upgrade/Renovate Surgical Services – UK HealthCare		
21	Restricted Funds	5,000,000	-0-
22	090. Renovate Mineral Industries Building		
23	Restricted Funds	4,900,000	-0-
24	091. Construct/Fit-up Retail Space		
25	Other Funds	4,000,000	-0-

26 **(1) Authorization:** The above authorization is approved pursuant to KRS
27 45.763.

1	092. Purchase Cardiology Information System – UK HealthCare		
2	Restricted Funds	4,000,000	-0-
3	093. Construct WUKY Facility		
4	Restricted Funds	3,910,000	-0-
5	094. Renovate Robotics Building		
6	Restricted Funds	3,842,000	-0-
7	095. Construct, Upgrade, and Fit-up Support Services – UK HealthCare		
8	Restricted Funds	3,500,000	-0-
9	096. Implement Unified Communication System – UK HealthCare		
10	Restricted Funds	3,000,000	-0-
11	097. Acquire Mainframe Computer – UK HealthCare		
12	Restricted Funds	3,000,000	-0-
13	098. Replace/Upgrade Perioperative Information System		
14	Restricted Funds	3,000,000	-0-
15	099. Acquire Wireless/Cellular Infrastructure		
16	Restricted Funds	3,000,000	-0-
17	100. Purchase Telephone System Replacement		
18	Restricted Funds	3,000,000	-0-
19	101. Purchase Telephone System Replacement – UK HealthCare		
20	Restricted Funds	3,000,000	-0-
21	102. Install Artificial Turf on Pieratt Recreational Fields		
22	Restricted Funds	2,795,000	-0-
23	103. Purchase Upgraded Communications Infrastructure 1		
24	Restricted Funds	2,500,000	-0-
25	104. Purchase Upgraded Communications Infrastructure 2		
26	Restricted Funds	2,500,000	-0-
27	105. Repair Stadium Structure		

1	Restricted Funds	2,500,000	-0-
2	106. Construct Center Emergency Response Center		
3	Restricted Funds	2,370,000	-0-
4	107. Acquire Enterprise Storage System		
5	Restricted Funds	2,200,000	-0-
6	108. Expand/Renovate Sturgill Development Building		
7	Restricted Funds	2,130,000	-0-
8	109. Emerging Technologies Academic Support		
9	Restricted Funds	2,000,000	-0-
10	110. Purchase Transport Buses		
11	Restricted Funds	2,000,000	-0-
12	111. Remote Site Fiber Infrastructure		
13	Restricted Funds	2,000,000	-0-
14	112. Renovate Academic/Administrative Space 5		
15	Restricted Funds	2,000,000	-0-
16	113. Renovate Schmidt Vocal Arts Center		
17	Restricted Funds	2,000,000	-0-
18	114. Replace/Upgrade Radiology Information System		
19	Restricted Funds	2,000,000	-0-
20	115. Acquire Data Warehouse/Infrastructure		
21	Restricted Funds	1,800,000	-0-
22	116. Expand Training Table Dining Addition – Wildcat Coal Lodge		
23	Other Funds	1,500,000	-0-
24	117. Acquire Communications Equipment		
25	Restricted Funds	1,500,000	-0-
26	118. Acquire Network Security Hardware		
27	Restricted Funds	1,500,000	-0-

1	119. Renovate Dickey Hall Library		
2	Restricted Funds	1,500,000	-0-
3	120. Renovate Old Softball/Soccer Locker Room		
4	Other Funds	1,500,000	-0-
5	121. Renovate/Upgrade Video Board – Memorial Coliseum		
6	Other Funds	1,500,000	-0-
7	122. Acquire Exchange Replacement		
8	Restricted Funds	1,000,000	-0-
9	123. Purchase Allergy Information System – UK HealthCare		
10	Restricted Funds	1,000,000	-0-
11	124. Renovate Space for Testing Center		
12	Restricted Funds	1,000,000	-0-
13	125. Renovate/Replace Playing Field – Commonwealth Stadium		
14	Other Funds	1,000,000	-0-
15	126. Acquire Document Imaging (ASG)		
16	Restricted Funds	775,000	-0-
17	127. Fit-up Team Novelty Store – Commonwealth Stadium		
18	Other Funds	750,000	-0-
19	128. Acquire Campus Call Center System		
20	Restricted Funds	750,000	-0-
21	129. Fayette County – Lease – Administrative Office		
22	130. Fayette County – Lease – Blazer Parkway		
23	131. Fayette County – Lease – Good Samaritan Hospital		
24	132. Fayette County – Lease – Grants Project 2		
25	133. Fayette County – Lease – Health Affairs Office 2		
26	134. Fayette County – Lease – Kentucky Utilities Building		
27	135. Fayette County – Lease – Off Campus Housing 1		

- 1 **136.** Fayette County – Lease – Off Campus Housing 2
- 2 **137.** Fayette County – Lease – Health Affairs Office 3
- 3 **138.** Fayette County – Lease – Health Affairs Office 5
- 4 **139.** Lease – Grant Projects 1
- 5 **140.** Lease – Health Affairs Office
- 6 **141.** Lease – Health Affairs Office 4
- 7 **142.** Lease – Health Affairs Office 6
- 8 **143.** Lease – Health Affairs Office 7
- 9 **144.** Lease – Health Affairs Office 8
- 10 **145.** Lease – Health Affairs Office 9
- 11 **146.** Lease – Med Center Grant Projects 1
- 12 **147.** Lease – Med Center Grant Projects 2
- 13 **148.** Lease – Med Center Off Campus Facility 1
- 14 **149.** Lease – Med Center Off Campus Facility 2
- 15 **150.** Lease – Med Center Off Campus Facility 3
- 16 **151.** Lease – Med Center Off Campus Facility 4
- 17 **152.** Lease – Off Campus 1
- 18 **153.** Lease – Off Campus 2
- 19 **154.** Lease – Off Campus 3
- 20 **155.** Lease – Off Campus 4
- 21 **156.** Lease – Off Campus 5
- 22 **157.** Lease – Off Campus 6
- 23 **158.** Lease – Off Campus 7
- 24 **159.** Lease – Off Campus – Athletics
- 25 **160.** Lease – Rural Health Expansion – Perry County
- 26 **161.** Lease – Off-Campus Housing 3
- 27 **162.** Lease – Off-Campus Housing 4

1	163. Lease – Off-Campus Housing 5		
2	164. Lease – Off-Campus Housing 6		
3	165. Guaranteed Energy Savings Performance Contracts		
4	166. Construct Research Building		
5	Restricted Funds	23,000,000	-0-
6	167. Renovate/Upgrade HealthCare Facilities 2		
7	Restricted Funds	130,000,000	-0-
8	168. Research Equipment Pool		
9	Restricted Funds	30,000,000	-0-
10	169. Construct Alumni Center		
11	Other Funds	30,000,000	-0-
12	170. Construct Office Tower - UKHC		
13	Restricted Funds	95,600,000	-0-
14	171. Construct Satellite Student Center		
15	Other Funds	75,400,000	-0-
16	(1) Authorization: The above authorization is approved pursuant to KRS		
17	45.763.		
18	172. Repair/Upgrade/Expand Central Plants		
19	Restricted Funds	62,000,000	-0-
20	173. Construct Parking/Academic Facility		
21	Other Funds	50,000,000	-0-
22	174. Construct/Renovate/Upgrade Dining Facility 1		
23	Restricted Funds	40,000,000	-0-
24	175. Construct Baseball Facility		
25	Other Funds	40,000,000	-0-
26	176. Implement Revenue Management System		
27	Restricted Funds	35,000,000	-0-

1	177. Renovate Funkhouser Building		
2	Restricted Funds	28,300,000	-0-
3	178. Upgrade/Renovate Space in Multi-Disciplinary Science Building		
4	Restricted Funds	27,200,000	-0-
5	179. Renovate/Upgrade McVey Hall		
6	Restricted Funds	23,100,000	-0-
7	180. Renovate Dentistry Facilities		
8	Restricted Funds	16,800,000	-0-
9	181. Emerging Technologies Academic Support Systems		
10	Restricted Funds	2,000,000	-0-
11	182. Guaranteed Energy Savings Performance Contracts - Parking		
12	183. Guaranteed Energy Savings Performance Contracts - Athletics		
13	9. UNIVERSITY OF LOUISVILLE		
14	001. Construct Belknap Classroom/Academic Building		
15	Bond Funds	80,560,000	-0-
16	002. Construct Medical Office Building		
17	Other Funds	60,300,000	-0-
18	(1) Authorization: The above authorization is approved pursuant to KRS		
19	45.763.		
20	003. Capital Renewal Pool – 2014-2016		
21	Restricted Funds	20,000,000	20,000,000
22	004. Renovate Schneider Hall		
23	Restricted Funds	21,836,000	-0-
24	005. Purchase IT Data Center Support Systems		
25	Restricted Funds	20,000,000	-0-
26	006. Construct Kosair Medical Office Building Fitout		
27	Restricted Funds	19,745,000	-0-

1	007. Renovate Burhans Hall		
2	Other Funds	17,000,000	-0-
3	(1) Authorization: The above authorization is approved pursuant to KRS		
4	45.763.		
5	008. Purchase Land Support Service – Northeast Quadrant		
6	Agency Bonds	15,600,000	-0-
7	009. Expand Sackett Hall		
8	Restricted Funds	14,758,000	-0-
9	010. Renovate Ekstrom Library – Additional Reauthorization (\$44,705,000		
10	Restricted Funds)		
11	Restricted Funds	13,371,000	-0-
12	011. Code Compliance Pool – 2014-2016		
13	Restricted Funds	12,822,000	-0-
14	012. Construct Executive MBA/Business Program		
15	Restricted Funds	12,000,000	-0-
16	013. Purchase Storage System		
17	Restricted Funds	12,000,000	-0-
18	014. Expand and Renovate Student Activities Center – Additional		
19	Reauthorization (\$9,600,000 Agency Bonds)		
20	015. Renovate HPES/Studio Arts Building		
21	Restricted Funds	9,850,000	-0-
22	016. Renovate Chemistry Fume Hoods – Phase II		
23	Restricted Funds	9,730,000	-0-
24	017. Renovate Dougherty Hall		
25	Restricted Funds	9,233,000	-0-
26	018. Purchase Computer Processing System		
27	Restricted Funds	8,000,000	-0-

1	019. Purchase Networking System		
2	Restricted Funds	8,000,000	-0-
3	020. Purchase Security and Firewall Infrastructure		
4	Restricted Funds	8,000,000	-0-
5	021. Expand Schnellenberger Football Complex		
6	Other Funds	7,500,000	-0-
7	(1) Authorization: The above authorization is approved pursuant to KRS		
8	45.763.		
9	022. Construct Athletics Office Building		
10	Restricted Funds	7,400,000	-0-
11	023. Purchase Fiber Infrastructure		
12	Restricted Funds	7,000,000	-0-
13	024. Purchase Research Computing Infrastructure		
14	Restricted Funds	7,000,000	-0-
15	025. Renovate Kosair Pediatrics Center Offices		
16	Restricted Funds	6,850,000	-0-
17	026. Renovate Natural Science Building – Additional Reauthorization		
18	(\$23,508,000 Restricted Funds)		
19	Restricted Funds	6,335,000	-0-
20	027. Purchase Digital Communications System		
21	Restricted Funds	6,000,000	-0-
22	028. Purchase Enterprise Application System		
23	Restricted Funds	6,000,000	-0-
24	029. Renovate Kornhauser Library – Additional Reauthorization		
25	(\$16,030,000 Restricted Funds)		
26	Restricted Funds	5,950,000	-0-
27	030. Renovate W. S. Speed Building – Additional Reauthorization		

1	(\$11,927,000 Restricted Funds)		
2	Restricted Funds	5,269,000	-0-
3	031. Papa John's Stadium Seat Replacement		
4	Other Funds	5,250,000	-0-
5	(1) Authorization: The above authorization is approved pursuant to KRS		
6	45.763.		
7	032. Purchase Land Near Floyd Street Parcel II		
8	Restricted Funds	5,200,000	-0-
9	033. Renovate K-Wing 1st Floor Office		
10	Restricted Funds	5,000,000	-0-
11	034. Renovate Health Science Center Instructional Building		
12	Restricted Funds	4,433,000	-0-
13	035. Renovate Brown Cancer Center 4th Floor		
14	Restricted Funds	4,388,000	-0-
15	036. Purchase Content Management System		
16	Restricted Funds	4,000,000	-0-
17	037. Construct Clinical/Office Space in West Louisville		
18	Restricted Funds	3,949,000	-0-
19	038. Renovate Belknap Playhouse		
20	Restricted Funds	3,510,000	-0-
21	039. Purchase Land Near Health Sciences Campus – Parcel IV		
22	Restricted Funds	3,240,000	-0-
23	040. Renovate Delia Baxter Building Clean Room		
24	Restricted Funds	3,100,000	-0-
25	041. Renovate Donald Baxter Building 2nd and 3rd Floor Laboratories		
26	Restricted Funds	3,010,000	-0-
27	042. Purchase PET Scanner		

1	Restricted Funds	-0-	3,000,000
2	043. Purchase Electronic Research Information System		
3	Restricted Funds	1,350,000	1,350,000
4	044. Renovate Ambulatory Care Building		
5	Restricted Funds	2,540,000	-0-
6	045. Upgrade/Replace Digital Output System		
7	Restricted Funds	2,500,000	-0-
8	046. Purchase Robotic Retrieval Systems		
9	Restricted Funds	2,426,000	-0-
10	047. Purchase Visualization System – Planetarium		
11	Federal Funds	2,000,000	-0-
12	048. Renovate Chemistry Teaching Laboratories and Auditorium		
13	Restricted Funds	1,957,000	-0-
14	049. Construct College of Business Courtyard and Café		
15	Restricted Funds	1,819,000	-0-
16	050. Housing Capital Renewal Pool – 2014-2016		
17	Restricted Funds	1,795,000	-0-
18	051. Construct Health Sciences Campus Steam and Chilled Water Plant II –		
19	Additional Reauthorization (\$34,595,000 Restricted Funds)		
20	Restricted Funds	1,705,000	-0-
21	052. Renovate Concentrated Care Building		
22	Restricted Funds	1,628,000	-0-
23	053. Renovate Abell Administration Building		
24	Restricted Funds	1,593,000	-0-
25	054. Construct Athletic Grounds Building		
26	Other Funds	1,500,000	-0-
27	(1) Authorization: The above authorization is approved pursuant to KRS		

1 45.763.

2 **055.** Renovate Threlkeld Hall Infrastructure

3 Restricted Funds 1,500,000 -0-

4 **056.** Purchase Land Near Health Sciences Campus – Parcel I – Additional
5 Reauthorization (\$34,246,000)

6 Other Funds 1,369,000 -0-

7 **(1) Authorization:** The above authorization is approved pursuant to KRS

8 45.763.

9 **057.** Renovate K-Wing Classroom

10 Other Funds 1,223,000 -0-

11 **058.** Purchase Individually Ventilated Caging System

12 Restricted Funds 600,000 597,000

13 **059.** Purchase Fourier-Transform Mass Spectrometer

14 Restricted Funds 1,100,000 -0-

15 **060.** Purchase MS-MS Tandem Mass Spectrometer

16 Restricted Funds 1,100,000 -0-

17 **061.** Purchase Soccer Stadium Video Boards

18 Restricted Funds 1,050,000 -0-

19 **062.** Renovate College of Business Green Roof

20 Restricted Funds 1,030,000 -0-

21 **063.** Renovate Donald Baxter Building Clean Room Expansion

22 Restricted Funds 987,000 -0-

23 **064.** Construct Belknap Center Place Plaza – Additional Reauthorization
24 (\$7,883,000 Restricted Funds)

25 Restricted Funds 957,000 -0-

26 **065.** Renovate Lions Eye Research Institute – Additional Reauthorization
27 (\$19,770,000 Restricted Funds)

1	Restricted Funds	937,000	-0-
2	066. Purchase Console for Nuclear Magnetic Resonance System		
3	Restricted Funds	-0-	900,000
4	067. Purchase Large Frame Plastic Sintering Machine		
5	Federal Funds	-0-	900,000
6	068. Construct Flexner Way Mall – Preston to Jackson		
7	Restricted Funds	445,000	-0-
8	Other Funds	445,000	-0-
9	TOTAL	890,000	-0-
10	069. Renovate Middleton Auditorium		
11	Restricted Funds	850,000	-0-
12	070. Purchase Additive Microdeposition Machine		
13	Federal Funds	-0-	825,000
14	071. Construct Athletic Academic Support Facility – Additional		
15	Reauthorization (\$16,228,000 Other Funds)		
16	Other Funds	812,000	-0-
17	(1) Authorization: The above authorization is approved pursuant to KRS		
18	45.763.		
19	072. Construct Flexner Way Mall – Jackson to Hancock		
20	Restricted Funds	390,000	-0-
21	Other Funds	390,000	-0-
22	TOTAL	780,000	-0-
23	073. Construct Athletic Equipment and Apparel Storage Facility		
24	Other Funds	750,000	-0-
25	(1) Authorization: The above authorization is approved pursuant to KRS		
26	45.763.		
27	074. Purchase Cell Processing Unit 1		

1	Restricted Funds	750,000	-0-
2	075. Purchase Cell Processing Unit 2		
3	Restricted Funds	750,000	-0-
4	076. Purchase Land Near Belknap Campus – East		
5	Restricted Funds	750,000	-0-
6	077. Purchase Large Frame Plastic Deposition Machine		
7	Federal Funds	750,000	-0-
8	078. Purchase Super Resolution Confocal Microscope		
9	Federal Funds	750,000	-0-
10	079. Renovate Football Practice Field Lighting		
11	Other Funds	750,000	-0-
12	(1) Authorization: The above authorization is approved pursuant to KRS		
13	45.763.		
14	080. Renovate Miller Hall Infrastructure		
15	Restricted Funds	750,000	-0-
16	081. Construct Center for Creative Studies – Additional Reauthorization		
17	(\$9,450,000 Restricted Funds)		
18	Restricted Funds	743,000	-0-
19	082. Purchase Two Photon Microscopes		
20	Restricted Funds	719,000	-0-
21	083. Purchase PCs, Printers, Scanners for Libraries		
22	Restricted Funds	175,000	175,000
23	Other Funds	175,000	175,000
24	TOTAL	350,000	350,000
25	084. Renovate J. B. Speed Building – Additional Reauthorization		
26	(\$12,200,000 Restricted Funds)		
27	Restricted Funds	662,000	-0-

1	085. Purchase Direct Metal Additive Fabrication Machine		
2	Federal Funds	650,000	-0-
3	086. Renovate Research Resource Center – Additional Reauthorization		
4	(\$14,708,000 Restricted Funds)		
5	Restricted Funds	617,000	-0-
6	087. Construct Center for Social Change – Additional Reauthorization		
7	(\$13,000,000 Other Funds)		
8	Other Funds	610,000	-0-
9	(1) Authorization: The above authorization is approved pursuant to KRS		
10	45.763.		
11	088. Purchase Biological Material Deposition Machine		
12	Federal Funds	600,000	-0-
13	089. Purchase Cell Isolation System		
14	Restricted Funds	-0-	600,000
15	090. Purchase CyToF Instrument		
16	Federal Funds	600,000	-0-
17	091. Renovate Oppenheimer Hall – Additional Reauthorization (\$4,792,000		
18	Restricted Funds)		
19	Restricted Funds	597,000	-0-
20	092. Expand Chilled Water and Electrical Service Upgrade – Additional		
21	Reauthorization (\$12,750,000 Restricted Funds)		
22	Restricted Funds	550,000	-0-
23	093. Construct Intramural Field Complex – Additional Reauthorization		
24	(\$7,234,000 Restricted Funds)		
25	Restricted Funds	546,000	-0-
26	094. Purchase FACS Aria II Special Order System		
27	Federal Funds	530,000	-0-

1	095. Purchase Next Generation DNA Sequencer		
2	Restricted Funds	525,000	-0-
3	096. Purchase MALDI-TOF Mass Spectrometer		
4	Federal Funds	500,000	-0-
5	097. Purchase Quadruple Orbitrap Mass Spectrometer		
6	Federal Funds	500,000	-0-
7	098. Purchase Teleconferencing/Computer Equipment		
8	Restricted Funds	500,000	-0-
9	099. Purchase Two-Photon Laser Scanning Microscope		
10	Federal Funds	-0-	500,000
11	100. Purchase UHR-TOF Mass Spectrometer		
12	Federal Funds	500,000	-0-
13	101. Purchase Ultrasound Trainer		
14	Restricted Funds	490,000	-0-
15	102. Purchase Two-Photon Imaging System		
16	Federal Funds	-0-	480,000
17	103. Purchase MOCVD System		
18	Federal Funds	450,000	-0-
19	104. Belknap Floyd Street Corridor Improvements – Additional		
20	Reauthorization (\$3,500,000 Restricted Funds)		
21	Restricted Funds	430,000	-0-
22	105. Purchase Bulk Sterilizer		
23	Restricted Funds	421,000	-0-
24	106. Purchase Ultraview ERS 6FO Confocal Microscope		
25	Restricted Funds	-0-	420,000
26	107. Utility Distribution System – South Belknap – Additional		
27	Reauthorization (\$12,000,000 Restricted Funds)		

1	Restricted Funds	416,000	-0-
2	108. Construct Utilities Remove Overhead Lines – Additional		
3	Reauthorization (\$10,350,000 Restricted Funds)		
4	Restricted Funds	400,000	-0-
5	109. Purchase High Resolution Triple TOF Mass Spectrometer		
6	Federal Funds	400,000	-0-
7	110. Purchase Scanning Electron Microscope		
8	Restricted Funds	-0-	400,000
9	111. Purchase Cage and Rack Washer 1		
10	Restricted Funds	-0-	398,000
11	112. Purchase Rodent Plastic Caging		
12	Restricted Funds	398,000	-0-
13	113. Purchase Multispectral Imaging Flow Cytometer		
14	Restricted Funds	-0-	390,000
15	114. Purchase High Resolution Echocardiography System		
16	Federal Funds	-0-	350,000
17	115. Construct Belknap Brandeis Corridor Improvements – Additional		
18	Reauthorization (\$2,774,000 Restricted Funds)		
19	Restricted Funds	326,000	-0-
20	116. Purchase Mobile Animal Runs		
21	Restricted Funds	-0-	323,000
22	117. Purchase Land Near Belknap Campus – North – Additional		
23	Reauthorization (\$8,000,000 Restricted Funds)		
24	Restricted Funds	320,000	-0-
25	118. Purchase Digital Materials 3-D Printing System		
26	Federal Funds	-0-	300,000
27	119. Renovate, Resurface Track and Cardio Path – Additional		

1	Reauthorization (\$700,000 Restricted Funds)		
2	Restricted Funds	300,000	-0-
3	120. Purchase Automatic Bedding Dispensing and Removal System		
4	Restricted Funds	-0-	278,000
5	121. Purchase Library Tables, Chairs and Wired Study Carrels		
6	Restricted Funds	275,000	-0-
7	122. Purchase Laser Confocal Scanning Microscope		
8	Federal Funds	250,000	-0-
9	123. Purchase Metal Evaporation System		
10	Federal Funds	250,000	-0-
11	124. Purchase Land Near Health Sciences Campus – Parcel II – Additional		
12	Reauthorization (\$6,034,000 Restricted Funds)		
13	Restricted Funds	241,000	-0-
14	125. Purchase Land Near Belknap Campus – South – Additional		
15	Reauthorization (\$6,000,000 Restricted Funds)		
16	Restricted Funds	240,000	-0-
17	126. Belknap 3rd Street Improvements – Additional Reauthorization		
18	(\$1,950,000 Restricted Funds)		
19	Restricted Funds	230,000	-0-
20	127. Purchase Cage and Rack Washer 2		
21	Restricted Funds	-0-	220,000
22	128. Purchase Tunnel Cage Washer		
23	Restricted Funds	-0-	208,000
24	129. Purchase Adaptive Optic Retinal Imaging System		
25	Federal Funds	200,000	-0-
26	130. Purchase Diagnostic/Imaging System		
27	Federal Funds	200,000	-0-

1	131. Purchase Land Near Floyd Street – Parcel I – Additional		
2	Reauthorization (\$5,000,000 Restricted Funds)		
3	Restricted Funds	200,000	-0-
4	132. Expand Rauch Planetarium – Additional Reauthorization (\$3,220,000		
5	Federal Funds)		
6	Federal Funds	132,000	-0-
7	133. Construct Physical Plant Space in Health Sciences Campus Garage –		
8	Additional Reauthorization (\$2,318,000 Restricted Funds)		
9	Restricted Funds	122,000	-0-
10	134. Purchase Land Near Health Sciences Campus – Parcel III – Additional		
11	Reauthorization (\$3,000,000 Restricted Funds)		
12	Restricted Funds	120,000	-0-
13	135. Belknap Century Corridor Improvements – Additional Reauthorization		
14	(\$890,000 Restricted Funds)		
15	Restricted Funds	100,000	-0-
16	136. Purchase Artificial Turf – Additional Reauthorization (\$865,000 Other		
17	Funds)		
18	Other Funds	85,000	-0-
19	(1) Authorization: The above authorization is approved pursuant to KRS		
20	45.763.		
21	137. Renovate College of Business Classrooms – Additional		
22	Reauthorization (\$1,800,000 Restricted Funds)		
23	Restricted Funds	65,000	-0-
24	138. Construct Flexner Way Mall – Floyd to Preston – Additional		
25	Reauthorization (\$1,660,000 Restricted Funds)		
26	Restricted Funds	60,000	-0-
27	139. Renovate Life Sciences Building Vivarium – Additional		

1	Reauthorization (\$1,096,000 Restricted Funds)		
2	Restricted Funds	44,000	-0-
3	140. Construct Artificial Turf Field for Intramural – Additional		
4	Reauthorization (\$693,000 Restricted Funds)		
5	Restricted Funds	40,000	-0-
6	141. Renovate Gross Anatomy Laboratory – Additional Reauthorization		
7	(\$5,520,000 Restricted Funds)		
8	Restricted Funds	38,000	-0-
9	142. Construct Belknap Stormwater Improvements Reauthorization		
10	(\$5,000,000 Restricted Funds)		
11	143. Construct Center for the Performing Arts Improvements		
12	Reauthorization (\$76,660,000 Restricted Funds)		
13	144. Construct or Renovate Data Center Improvements Reauthorization		
14	(\$38,000,000 Restricted Funds)		
15	145. Renovate Law School Improvements Reauthorization (\$36,081,000		
16	Restricted Funds)		
17	146. Academic Space – Lease		
18	147. Belknap Office Space 1 – Lease		
19	148. Belknap Office Space 2 – Lease		
20	149. Belknap Office Space 3 – Lease		
21	150. Clinic Space – Lease		
22	151. Contract Administration Office Space – Lease		
23	152. Dental Clinic Space – Lease		
24	153. Department of Family and Geriatric Medicine Office, Clinical Space –		
25	Lease		
26	154. East End Clinical Space – Lease		
27	155. HSC Additional Office, Clinic Space – Lease		

1	156. HSC Off Campus Office Space 1 – Lease		
2	157. HSC Off Campus Office Space 2 – Lease		
3	158. IT Data Center – Lease		
4	159. Master of Fine Arts – Lease		
5	160. Med Center One – Lease		
6	161. Nucleus 1 Building – Lease		
7	162. Jefferson County – Office Space – Lease		
8	163. U of L Foundation Office Space – Lease		
9	164. West Louisville Center for Community Health, Education, Outreach –		
10	Lease		
11	165. Construct Administrative Office Building		
12	Restricted Funds	51,245,000	-0-
13	166. Expand/Renovate College of Education Building		
14	Restricted Funds	60,107,000	-0-
15	167. Purchase Olympus Photon Microscope (2)		
16	Restricted Funds	719,000	-0-
17	10. WESTERN KENTUCKY UNIVERSITY		
18	001. Renovate Science Campus Phase IV		
19	Bond Funds	48,000,000	-0-
20	002. Renovation at the Center for Research and Development #1		
21	Restricted Funds	12,300,000	-0-
22	003. Renovate Gordon Wilson Hall		
23	Restricted Funds	11,600,000	-0-
24	004. Expand Gatton Academy of Math and Science		
25	Other Funds	10,000,000	-0-
26	005. Miscellaneous Maintenance Pool – 2014-2016		
27	Restricted Funds	10,000,000	-0-

1	006. Renovate Garrett Conference Center Academic Space		
2	Restricted Funds	8,700,000	-0-
3	007. Renovate Garrett Conference Center Food Court		
4	Restricted Funds	7,000,000	-0-
5	008. Renovate Central Heat Plant		
6	Restricted Funds	5,100,000	-0-
7	009. Upgrade IT Infrastructure		
8	Restricted Funds	4,979,000	-0-
9	010. Construct Baseball Grandstand		
10	Other Funds	4,500,000	-0-
11	011. Renovate Art Lab/Museum		
12	Restricted Funds	4,200,000	-0-
13	012. Construct Track and Field Facilities Phase I		
14	Other Funds	4,000,000	-0-
15	013. Acquire Furniture, Fixtures, and Equipment for Diddle Arena		
16	Other Funds	3,000,000	-0-
17	014. Acquire Furniture, Fixtures, and Equipment for Honors College		
18	Restricted Funds	3,000,000	-0-
19	015. Demolish Thompson North Wing and Replace with Temporary Facility		
20	Restricted Funds	3,000,000	-0-
21	016. Parking and Street Improvements – 2014-2016		
22	Restricted Funds	3,000,000	-0-
23	017. Purchase Property for Campus Expansion – 2014-2016		
24	Restricted Funds	3,000,000	-0-
25	018. Renovate/Addition to Health Services Facility		
26	Restricted Funds	2,000,000	-0-
27	Other Funds	1,000,000	-0-

1	TOTAL	3,000,000	-0-
2	019. Acquire Equipment Pool – 2014-2016		
3	Restricted Funds	2,500,000	-0-
4	020. Construct South Plaza		
5	Other Funds	2,500,000	-0-
6	021. Renovation at the Center for Research and Development #2		
7	Restricted Funds	2,300,000	-0-
8	022. Add Club Seating at Diddle Arena		
9	Other Funds	2,200,000	-0-
10	023. Construct Football Pressbox		
11	Other Funds	2,200,000	-0-
12	024. Renovation at the Center for Research and Development #3		
13	Restricted Funds	2,200,000	-0-
14	025. Acquire Furniture, Fixtures, and Equipment for Hardin County Project		
15	Restricted Funds	2,000,000	-0-
16	026. Design Environmental Science and Technology Hall Renovation		
17	Restricted Funds	2,000,000	-0-
18	027. Construct Nanotechnology Laboratory		
19	Restricted Funds	1,900,000	-0-
20	028. Renovate State and Normal Street Properties		
21	Restricted Funds	1,500,000	-0-
22	029. Renovate Foundation Building		
23	Restricted Funds	1,200,000	-0-
24	030. Renovate Tate Page Hall		
25	Restricted Funds	1,200,000	-0-
26	031. Acquire Bus Replacements		
27	Restricted Funds	1,000,000	-0-

1	032. Design Agriculture Expo Center Renovation		
2	Restricted Funds	1,000,000	-0-
3	033. Interior Renovation Jones Jagers		
4	Restricted Funds	1,000,000	-0-
5	034. Renovate Grise Hall Restrooms (ADA)		
6	Restricted Funds	930,000	-0-
7	035. Major Repairs Smith Stadium		
8	Restricted Funds	800,000	-0-
9	036. Raze and Replace Student Housing at Western Kentucky University		
10	Farm		
11	Restricted Funds	800,000	-0-
12	037. Alumni Center – Lease		
13	038. College of Business – Lease		
14	039. Nursing and Physical Therapy – Lease		
15	040. Parking Garage – Lease		
16	041. Pearce Ford Tower Food Court – Lease		
17	042. South Regional Postsecondary Education Center – Lease		
18	043. Replace Underground Infrastructure - Steam/Electric		
19	Restricted Funds	30,000,000	-0-
20	044. Construct New Gordon Ford College of Business and Renovate Grise		
21	Hall		
22	Restricted Funds	77,200,000	-0-
23	045. Capital Renewal Pool (Maintenance Pool) 2014		
24	Restricted Funds	10,000,000	-0-
25	046. Renovate Helm/Cravens Library		
26	Restricted Funds	41,800,000	-0-
27	047. Renovate Ivan Wilson, Phase II		

1	Restricted Funds	26,100,000	-0-
2	048. Renovate Academic Complex		
3	Restricted Funds	27,500,000	-0-
4	049. Renovate Kentucky Building		
5	Restricted Funds	17,500,000	-0-

6 **11. KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

7 **(1) Conveyance of Property:** The Kentucky Community and Technical College
8 System may undertake a capital construction project under the provisions of Part I, K.,
9 11., (3), of this Act.

10	001. Construct MCTC/MSU Postsecondary Center of Excellence Phase I –		
11	Maysville CTC		
12	Restricted Funds	7,000,000	-0-
13	Agency Bonds	21,000,000	-0-
14	TOTAL	28,000,000	-0-
15	002. Construct Advanced Manufacturing Facility		
16	Bond Funds	24,000,000	-0-
17	003. Newtown Campus Expansion – Bluegrass CTC		
18	Restricted Funds	6,000,000	-0-
19	Agency Bonds	18,000,000	-0-
20	TOTAL	24,000,000	-0-
21	004. Construct Instructional Complex – Southcentral CTC		
22	Restricted Funds	5,500,000	-0-
23	Agency Bonds	16,500,000	-0-
24	TOTAL	22,000,000	-0-
25	005. Construct Postsecondary Education Center – Madisonville CC		
26	Restricted Funds	5,000,000	-0-
27	Agency Bonds	15,000,000	-0-

1	TOTAL	20,000,000	-0-
2	006. Construct Carrollton Campus Phase I – Jefferson CTC		
3	Restricted Funds	4,000,000	-0-
4	Agency Bonds	12,000,000	-0-
5	TOTAL	16,000,000	-0-
6	007. Construct Agriculture Health and Career Technology Center Phase I –		
7	Hopkinsville CC		
8	Restricted Funds	3,750,000	-0-
9	Agency Bonds	11,250,000	-0-
10	TOTAL	15,000,000	-0-
11	008. Construct Urban Campus – Gateway CTC		
12	Restricted Funds	3,750,000	-0-
13	Agency Bonds	11,250,000	-0-
14	TOTAL	15,000,000	-0-
15	009. Construct Advanced Technology Center Phase II – Owensboro CTC		
16	Restricted Funds	3,000,000	-0-
17	Agency Bonds	9,000,000	-0-
18	TOTAL	12,000,000	-0-
19	010. KCTCS Equipment Pool – 2014-2016		
20	Restricted Funds	12,000,000	-0-
21	011. Construct 2D Arts School Phase I – West Kentucky CTC		
22	Restricted Funds	2,500,000	-0-
23	Agency Bonds	7,500,000	-0-
24	TOTAL	10,000,000	-0-
25	012. KCTCS Property Acquisition Pool – 2014-2016		
26	Restricted Funds	10,000,000	-0-
27	013. Construct Educational Alliance Center - Middlesboro Campus –		

1	Southeast Kentucky CTC		
2	Restricted Funds	2,500,000	-0-
3	Agency Bonds	7,500,000	-0-
4	TOTAL	10,000,000	-0-
5	014. Renovate Main Building – College Drive – Ashland CTC		
6	Restricted Funds	2,500,000	-0-
7	Agency Bonds	7,500,000	-0-
8	TOTAL	10,000,000	-0-
9	015. Acquisition of System Office Building		
10	Restricted Funds	6,300,000	-0-
11	016. Renovate Campus Wide Facilities – Henderson CC		
12	Restricted Funds	1,250,000	-0-
13	Agency Bonds	3,750,000	-0-
14	TOTAL	5,000,000	-0-
15	017. Renovate Denham Building Exterior – Maysville CTC		
16	Restricted Funds	4,011,000	-0-
17	018. Renovate Administration Building – Whitesburg – Southeast Kentucky		
18	CTC		
19	Restricted Funds	3,734,000	-0-
20	019. Renovate HVAC System Phase I – Owensboro CTC		
21	Restricted Funds	3,297,000	-0-
22	020. Purchase Leitchfield Property – Elizabethtown CTC		
23	Restricted Funds	3,000,000	-0-
24	021. Renovate HVAC System – Meece Building – Somerset CC		
25	Restricted Funds	3,000,000	-0-
26	022. Renovate Building for Skilled Crafts Training Center, Phase III – West		
27	Kentucky CTC		

1	Restricted Funds	2,630,000	-0-
2	023. Construct Arts and Humanities Building – Somerset CC North		
3	Restricted Funds	500,000	-0-
4	Agency Bonds	1,500,000	-0-
5	TOTAL	2,000,000	-0-
6	024. Construct Community Intergenerational Center – Lees-Hazard CTC		
7	Restricted Funds	500,000	-0-
8	Agency Bonds	1,500,000	-0-
9	TOTAL	2,000,000	-0-
10	025. Expansion of Pikeville Campus – Big Sandy CTC		
11	Restricted Funds	500,000	-0-
12	Agency Bonds	1,500,000	-0-
13	TOTAL	2,000,000	-0-
14	026. Renovate Collegewide Facilities – Big Sandy CTC		
15	Restricted Funds	2,000,000	-0-
16	027. Renovations Main Campus – West Kentucky CTC		
17	Restricted Funds	2,000,000	-0-
18	028. ADA Upgrades J. Phil Smith Building – Hazard CTC		
19	Restricted Funds	1,935,000	-0-
20	029. Construct Maintenance and Technical Building – West Kentucky CTC		
21	Restricted Funds	1,885,000	-0-
22	030. Construct Welding Lab – Main Campus – Henderson CC		
23	Restricted Funds	1,707,000	-0-
24	031. Soil Stabilization – Industrial Education Building – Hazard CTC		
25	Restricted Funds	1,650,000	-0-
26	032. Construct CPAT Center, State Fire and Rescue Training		
27	Restricted Funds	1,500,000	-0-

1	033. Install Sprinkler Systems – West Kentucky CTC		
2	Restricted Funds	1,500,000	-0-
3	034. Master Plan Development and Upgrade Pool – 2014-2016		
4	Restricted Funds	1,500,000	-0-
5	035. Construct Parking Lot and Lighting – Madisonville CC		
6	Restricted Funds	1,375,000	-0-
7	036. Construct Arboretum and Trails – Maysville CTC		
8	Restricted Funds	1,320,000	-0-
9	037. Renovation Utility Upgrade – Leestown Campus – Bluegrass CTC		
10	Restricted Funds	1,200,000	-0-
11	038. Acquire Land – Elizabethtown CTC		
12	Restricted Funds	1,000,000	-0-
13	039. Construct 2nd Floor Lab Technology Center – Hopkinsville CC		
14	Restricted Funds	1,000,000	-0-
15	040. Construct New Entrance – Leestown – Bluegrass CTC		
16	Restricted Funds	1,000,000	-0-
17	041. Construct Second Entrance – Main – Madisonville CC		
18	Restricted Funds	1,000,000	-0-
19	042. Renovate Owen Classroom Building – Elizabethtown CTC		
20	Restricted Funds	250,000	-0-
21	Agency Bonds	750,000	-0-
22	TOTAL	1,000,000	-0-
23	043. Replace Fire Alarm and Security System – Maysville CTC		
24	Restricted Funds	1,000,000	-0-
25	044. Site and Infrastructure Improvements – Somerset CC		
26	Restricted Funds	1,000,000	-0-
27	045. Construct or Procure Area 9 Training Building State Fire and Rescue		

- 1 Reauthorization (\$980,000 Restricted Funds)
- 2 **046.** Gateway CTC – Urban Campus – Lease
- 3 **047.** Jefferson CTC – Jefferson Education Center – Lease
- 4 **048.** Maysville CTC – Montgomery County Center – Lease
- 5 **049.** Guaranteed Energy Savings Performance Contracts
- 6 **050.** KCTCS System Office Lease-Purchase
- 7 **051.** Jefferson CTC - Bullitt County Campus - Lease-Purchase
- 8 **052.** Mt. Sterling Property Acquisition - Maysville CTC
- 9 Restricted Funds 8,000,000 -0-
- 10 **053.** Ashland Property Acquisition - Ashland CTC
- 11 Restricted Funds 10,000,000 -0-
- 12 **054.** KCTCS Agency Bonds - 2014-2016

13 **(1) Agency Bonds:** To provide flexibility to the Kentucky Community and
 14 Technical College System in the administration of its capital program, the following
 15 capital projects are eligible to be funded, in the order listed, from the Agency Bonds
 16 authorized for items 001., 003., 004., 005., 006., 007., 008., 009., 011., 013., 014., 016.,
 17 023., 024., 025., and 042. of this section if the local match for these items is not provided
 18 by June 30, 2016: Renovate Downtown Campus, Phase II - Jefferson CTC - \$29,831,000;
 19 Construct Muhlenberg Campus, Phase II - Madisonville CTC - \$12,850,000; Complete
 20 Urban Campus - Gateway CTC - \$57,000,000; Construct Consolidated Allied Health
 21 Building - Hazard CTC - \$29,129,000; Construct Extension Center - Russell County -
 22 Somerset CTC - \$15,700,000; Construct Allied Health, Phase II - West KY CTC -
 23 \$16,762,000; Renovate Academic Building - Hopkinsville CTC - \$10,233,000; Exterior
 24 Renovation - Denham Building - Maysville CTC - \$4,011,000; Construct Technology
 25 Drive Campus, Phase III - Ashland CTC - \$11,771,000; Renovate Educational Alliance
 26 Center - Cumberland Campus - Southeast KY CTC - \$22,395,000; HVAC Replacement -
 27 Main Campus, Phase I - Owensboro CTC - \$3,297,000; Development of DJJ Property -

1 Bluegrass CTC - \$5,322,000; Construct KY Advanced Tech Institute, Phase II -
 2 Southcentral KY CTC - \$9,531,000; Collegewide Renovation of Facilities for
 3 Instructional Purposes - Big Sandy CTC - \$8,030,000; Leitchfield Property Acquisition -
 4 Elizabethtown CTC - \$3,000,000; Welding Lab Relocation - Henderson CTC -
 5 \$1,707,000. Authorization of these eligible projects is contingent upon the relevant
 6 campus providing a local match equal to 25 percent of the total project cost listed above.
 7 The Kentucky Community and Technical College System shall report the projects
 8 selected to be funded pursuant to this section to the President of the Council on
 9 Postsecondary Education, the Secretary of the Finance and Administration Cabinet, and
 10 the Capital Projects and Bond Oversight Committee.

11 **K. PUBLIC PROTECTION CABINET**

12 Budget Units	2014-15	2015-16
13 1. INSURANCE		
14 001. Franklin County – Lease		
15 2. HOUSING, BUILDINGS AND CONSTRUCTION		
16 001. Franklin County – Lease		

17 **L. TOURISM, ARTS AND HERITAGE CABINET**

18 Budget Units	2014-15	2015-16
19 1. PARKS		
20 001. Maintenance Pool – 2014-2016		
21 Bond Funds	4,000,000	4,000,000
22 002. Upgrade Guest Accommodations Reauthorization and Reallocation		
23 (\$466,800 Bond Funds)		
24 Bond Funds	5,033,200	-0-

25 **(1) Reauthorization and Reallocation:** The above project is authorized
 26 from a reallocation of the project set forth in 2012 Ky. Acts ch. 144, Part II, L., 1., 002.

27 **003.** Jefferson Davis Monument Re-sealing Reauthorization and

1	001. Digital Initiatives		
2	Bond Funds	1,000,000	-0-
3	Other Funds	2,500,000	-0-
4	TOTAL	3,500,000	-0-

5 **6. KENTUCKY CENTER FOR THE ARTS**

6	001. Roof Replacement		
7	Bond Funds	2,200,000	-0-
8	002. Maintenance Pool – 2014-2016		
9	Investment Income	160,000	160,000

10 **M. COAL SEVERANCE TAX PROJECTS**

11 **(1) Projects Authorization and Appropriation:** Notwithstanding KRS
12 42.4588(2) and (4), the following projects are authorized and appropriated from Local
13 Government Economic Development Fund moneys from the respective single county
14 fund pursuant to KRS 42.4592 for public purposes in the following coal-producing
15 counties in the manner and amounts enumerated. These projects are determined by the
16 General Assembly to be important to the furtherance of the public policy objectives and
17 economic development purposes for which the Local Government Economic
18 Development Program was established. The amounts appropriated are estimates. Actual
19 expenditures and encumbrances shall be limited to the actual receipts realized and
20 available in the respective single county fund. These amounts are composed of estimated
21 receipts for fiscal year 2013-2014, fiscal year 2014-2015, and fiscal year 2015-2016 in
22 combination with prior unobligated balances in the respective single county funds. To the
23 extent that a county that is authorized to proceed with a project enumerated below
24 receives more single county Local Government Economic Development Fund moneys
25 than are appropriated in this Act, the county may direct those funds to offset a cost
26 overrun on any of the projects enumerated below upon approval of the Commissioner of
27 the Department for Local Government.

1 **(2) Projects Not To Be Duplicated:** Notwithstanding KRS 42.4588(2) and (4),
 2 to avoid duplication of appropriations for the line-item coal severance tax projects
 3 authorized in this section, the following projects are authorized and appropriated for the
 4 amounts enumerated below under the condition that the project has not received, or
 5 already been authorized by the Department for Local Government to receive, funding
 6 prior to the effective date of this Act.

7 **(3) Authorization for Current Year Coal Severance Tax Projects:** The
 8 following projects authorized for fiscal year 2013-2014 shall remain authorized for the
 9 2014-2016 fiscal biennium.

10 **(4) Project Prioritization:** Notwithstanding KRS 42.4588, the following projects
 11 shall have priority over projects that have been authorized prior to the effective date of
 12 this Act by the Department for Local Government to receive funding.

13 **(5) Water and Sewer Projects:** The following projects that are related to water
 14 and sewer shall be administered by the Kentucky Infrastructure Authority.

15 Budget Units	2013-14	2014-15	2015-16
16 1. GENERAL GOVERNMENT			
17 a. Department for Local Government			
18 Bell County			
19 001. Bell County Fiscal Court - City of Middlesboro - Projects - Equipment			
20 Restricted Funds	-0-	50,000	50,000
21 002. Bell County Fiscal Court - City of Pineville - Projects - Equipment			
22 Restricted Funds	-0-	25,000	25,000
23 003. Bell County Fiscal Court - Operations - Projects - Equipment			
24 Restricted Funds	-0-	650,878	638,496
25 Boyd County			
26 001. Ashland Independent Board of Education - Ground and other improvements			
27 Restricted Funds	-0-	15,000	-0-

1	002. Boyd County Board of Education - Ground and other improvements			
2	Restricted Funds	-0-	15,000	-0-
3	003. Boyd County Fiscal Court - CASA of Northeast KY Improvements - Services			
4	and Operations			
5	Restricted Funds	-0-	15,000	10,000
6	004. Boyd County Fiscal Court - First Book - Improvements, Services, and			
7	Operations			
8	Restricted Funds	-0-	5,000	-0-
9	005. Boyd County Fiscal Court - Shelter of Hope - Improvements, Services, and			
10	Operations			
11	Restricted Funds	-0-	5,579	2,153
12	006. City of Ashland - Economic Development and Tourism			
13	Restricted Funds	-0-	28,000	25,000
14	007. City of Catlettsburg - Facility Equipment - Other Improvements			
15	Restricted Funds	-0-	-0-	10,000
16	008. Paramount Arts Center - Operations and Improvements			
17	Restricted Funds	-0-	-0-	28,000
18	Breathitt County			
19	001. Breathitt County Board of Education - Renovations			
20	Restricted Funds	-0-	85,500	81,750
21	002. Breathitt County Board of Education - Road Equipment - Improvements			
22	Restricted Funds	-0-	235,000	235,000
23	003. Breathitt County Fiscal Court - Volunteer Fire Departments - Operations and			
24	Equipment			
25	Restricted Funds	-0-	42,000	42,000
26	004. Breathitt County Senior Citizens Program - Vehicle, Equipment, Building			
27	Upgrades, and Supplies			

1	Restricted Funds	-0-	10,582	9,326
2	005. Breathitt County Water District - Robinson Fork - End of Hwy 205 Roark			
3	Branch 30 East - War Creek Road Pump Station, Tank Site Equipment			
4	Restricted Funds	-0-	50,000	50,000
5	006. City of Jackson - Water Plant Improvements			
6	Restricted Funds	-0-	51,500	51,500
7	007. Jackson Independent Board of Education - Jackson Independent Board of			
8	Education			
9	Restricted Funds	-0-	20,000	20,000
10	008. Jackson Independent Board of Education - Renovations			
11	Restricted Funds	-0-	90,250	87,400
12	Clay County			
13	001. City of Manchester - Police Cruiser			
14	Restricted Funds	-0-	50,000	-0-
15	002. City of Manchester - Swimming Pool Repairs and Operation			
16	Restricted Funds	-0-	50,000	-0-
17	003. Clay County Fiscal Court - "Stay on Clay" Historical Restoration and			
18	Preservation			
19	Restricted Funds	-0-	25,000	-0-
20	004. Clay County Fiscal Court - Equipment/Operations			
21	Restricted Funds	-0-	20,000	50,000
22	005. Clay County Fiscal Court - Library Renovations			
23	Restricted Funds	-0-	25,000	-0-
24	006. Clay County Fiscal Court - Sheriff's Department - Communication Equipment			
25	Restricted Funds	-0-	30,000	-0-
26	007. Clay County Fiscal Court - Sherriff's Department - Police Cruiser			
27	Restricted Funds	-0-	50,000	-0-

1	008. Clay County Fiscal Court - Transportation Infrastructure			
2	Restricted Funds	-0-	50,000	100,000
3	009. Clay County Fiscal Court - Waterline Extension			
4	Restricted Funds	-0-	50,000	100,000
5	Daviess County			
6	001. Daviess County Fiscal Court - Economic Development			
7	Restricted Funds	-0-	138,558	93,987
8	Elliott County			
9	001. City of Sandy Hook - Upgrades and Improvement Property Purchase			
10	Restricted Funds	-0-	-0-	8,150
11	002. Elliott County Board of Education - Elliott County Public Library and Elliott			
12	County Schools - Supplies - Upgrades - Equipment - Operations			
13	Restricted Funds	-0-	10,000	10,000
14	003. Elliott County Fiscal Court - Elliott County Ambulance Department -			
15	Improvements - Equipment			
16	Restricted Funds	-0-	25,000	20,000
17	004. Elliott County Fiscal Court - Equipment, Facility, Ground, and other			
18	Improvements			
19	Restricted Funds	-0-	10,033	12,500
20	005. Elliott County Fiscal Court - Improvement - Equipment - Operations			
21	Restricted Funds	-0-	20,000	20,000
22	006. Elliott County Fiscal Court - Isonville Fire Department - Equipment - Facility			
23	and Ground Improvements			
24	Restricted Funds	-0-	10,000	7,500
25	007. Elliott County Fiscal Court - Latural Gorge Heritage Center - Facility			
26	Upgrades - Equipment - Operations			
27	Restricted Funds	-0-	15,000	15,000

1	008. Elliott County Fiscal Court - Route 504 Fire Department - Equipment -			
2	Facility and Ground Improvements			
3	Restricted Funds	-0-	10,000	7,500
4	009. Elliott County Fiscal Court - Sandy Hook Fire Department - Equipment -			
5	Facility and Ground Improvements			
6	Restricted Funds	-0-	10,000	7,500

7 **Floyd County**

8 **(1) Project Priority:** The following shall be the priority order of funding
9 for the projects enumerated below for Floyd County: 001., all fire department projects, all
10 veterans organization projects, 019., 025., park projects, 032., 033., 034., 035., 036., 037.,
11 038., 039., and 040..

12	001. Floyd County Fiscal Court - Floyd County Senior Citizens, Inc.			
13	Restricted Funds	-0-	200,000	200,000
14	002. City of Martin - Martin Fire Department - Equipment and Expenses			
15	Restricted Funds	-0-	1,750	1,750
16	003. City of Prestonsburg - Prestonsburg Fire Department - Expenses			
17	Restricted Funds	-0-	1,750	1,750
18	004. City of Wayland - Wayland Fire Department - Expenses			
19	Restricted Funds	-0-	1,750	1,750
20	005. City of Wheelwright - Wheelwright Fire Department - Expenses			
21	Restricted Funds	-0-	1,750	1,750
22	006. Floyd County Fiscal Court - Cow Creek Fire Department - Expenses			
23	Restricted Funds	-0-	1,750	1,750
24	007. Floyd County Fiscal Court - Allen Fire Department - Expenses			
25	Restricted Funds	-0-	1,750	1,750
26	008. Floyd County Fiscal Court - Auxier Fire Department - Expenses			
27	Restricted Funds	-0-	1,750	1,750

1	009. Floyd County Fiscal Court - Betsy Layne Fire Department - Expenses			
2	Restricted Funds	-0-	1,750	1,750
3	010. Floyd County Fiscal Court - David Fire Department - Expenses			
4	Restricted Funds	-0-	1,750	1,750
5	011. Floyd County Fiscal Court - Garrett Fire Department - Expenses			
6	Restricted Funds	-0-	1,750	1,750
7	012. Floyd County Fiscal Court - Left Beaver Fire Department and Rescue Squad -			
8	Expenses			
9	Restricted Funds	-0-	1,750	1,750
10	013. Floyd County Fiscal Court - Maytown Fire Department - Expenses			
11	Restricted Funds	-0-	1,750	1,750
12	014. Floyd County Fiscal Court - Middle Creek Fire Department - Expenses			
13	Restricted Funds	-0-	1,750	1,750
14	015. Floyd County Fiscal Court - Mud Creek Fire Department - Expenses			
15	Restricted Funds	-0-	1,750	1,750
16	016. Floyd County Fiscal Court - Southeast Fire Department - Expenses			
17	Restricted Funds	-0-	1,750	1,750
18	017. Floyd County Fiscal Court - Toler Creek Fire Department - Expenses			
19	Restricted Funds	-0-	1,750	1,750
20	018. City of Prestonsburg - VFW Post 5839 - Equipment and Improvements			
21	Restricted Funds	-0-	1,750	1,750
22	019. Floyd County Fiscal Court - DAV Chapter 128 - Bus			
23	Restricted Funds	-0-	25,000	-0-
24	020. Floyd County Fiscal Court - American Legion Post 283 - Equipment and			
25	Improvements			
26	Restricted Funds	-0-	1,750	1,750
27	021. Floyd County Fiscal Court - DAV Post #128 - Equipment and Operations			

1	Restricted Funds	-0-	1,750	1,750
2	022. Floyd County Fiscal Court - DAV Post #169 - Equipment and Operations			
3	Restricted Funds	-0-	1,750	1,750
4	023. Floyd County Fiscal Court - DAV Post #18 - Equipment and Operations			
5	Restricted Funds	-0-	1,750	1,750
6	024. Floyd County Fiscal Court - Martin American Veterans - Equipment and			
7	Improvements			
8	Restricted Funds	-0-	1,750	1,750
9	025. City of Prestonsburg - Floyd County Rescue Squad - Equipment, Operations,			
10	and Repairs			
11	Restricted Funds	-0-	10,000	10,000
12	026. City of Wayland - Wayland Park			
13	Restricted Funds	-0-	2,500	2,500
14	027. Floyd County Fiscal Court - Elkhorn Park - ATV Trails			
15	Restricted Funds	-0-	12,500	12,500
16	028. Floyd County Fiscal Court - Garrett Park			
17	Restricted Funds	-0-	-0-	20,000
18	029. Floyd County Fiscal Court - Ishmeal Abner Caudill Park - Playground			
19	Equipment and Blacktop Walking Track			
20	Restricted Funds	-0-	-0-	20,000
21	030. Floyd County Fiscal Court - Minnie Park - Restrooms, Sewer, and Various			
22	Improvements			
23	Restricted Funds	-0-	10,000	10,000
24	031. Floyd County Fiscal Court - Weeksbury Parks - Playground Equipment and			
25	Blacktop Walking Track			
26	Restricted Funds	-0-	-0-	20,000
27	032. City of Wheelwright - Streets and Sidewalks			

1	Restricted Funds	-0-	15,000	15,000
2	033. City of Wheelwright - Wheelwright Swimming Pool			
3	Restricted Funds	-0-	10,000	10,000
4	034. Floyd County Fiscal Court - Left Beaver Fire Department and Rescue Squad			
5	- New Building			
6	Restricted Funds	-0-	75,000	75,000
7	035. Floyd County Fiscal Court - Highland Autistic School - Autism Scholarships			
8	Restricted Funds	-0-	75,000	75,000
9	036. Floyd County Fiscal Court - Floyd County Drug Court			
10	Restricted Funds	-0-	50,000	50,000
11	037. City of Prestonsburg - Mountain Top Recreational - Repairs, Maintenance,			
12	and Renovations to Stone Crest			
13	Restricted Funds	-0-	65,000	75,000
14	038. City of Prestonsburg - Mountain Arts Center			
15	Restricted Funds	-0-	40,000	40,000
16	039. Floyd County Fiscal Court - Wayland Historical Society - Purchase Clinic,			
17	Renovation, Planning, Development, and Construction - Mountain Sports Hall			
18	of Fame			
19	Restricted Funds	-0-	35,000	35,000
20	040. Floyd County Board of Education - Technology Implementation			
21	Restricted Funds	-0-	50,000	50,000
22	041. Floyd County Board of Education - Wheelwright Gym - Operating Expenses			
23	Restricted Funds	-0-	5,000	5,000
24	042. Floyd County Fiscal Court - Floyd County Offices - Establishment of Branch			
25	Office in Left Beaver Area			
26	Restricted Funds	-0-	48,000	50,000
27	043. Floyd County Fiscal Court - Bridge Deck Rte-404 toward Blue River			

1	Restricted Funds	-0-	10,000	10,000
2	005. Harlan County Fiscal Court - City of Cumberland - Projects - Operations			
3	Restricted Funds	-0-	10,000	10,000
4	006. Harlan County Fiscal Court - City of Evarts - Projects - Operations			
5	Restricted Funds	-0-	10,000	10,000
6	007. Harlan County Fiscal Court - City of Harlan - Projects - Operations			
7	Restricted Funds	-0-	10,000	10,000
8	008. Harlan County Fiscal Court - City of Loyall - Projects - Operations			
9	Restricted Funds	-0-	10,000	10,000
10	009. Harlan County Fiscal Court - City of Lynch - Projects - Operations			
11	Restricted Funds	-0-	10,000	10,000
12	010. Harlan County Fiscal Court - Cloverfork Rescue Squad - Equipment			
13	Restricted Funds	-0-	3,000	3,000
14	011. Harlan County Fiscal Court - Cumberland Volunteer Fire Department -			
15	Equipment - Improvements			
16	Restricted Funds	-0-	3,000	3,000
17	012. Harlan County Fiscal Court - Debt Retirement			
18	Restricted Funds	-0-	690,000	700,000
19	013. Harlan County Fiscal Court - District 1 - Projects - Equipment			
20	Restricted Funds	-0-	20,000	20,000
21	014. Harlan County Fiscal Court - District 2 - Projects - Equipment			
22	Restricted Funds	-0-	20,000	20,000
23	015. Harlan County Fiscal Court - District 3 - Projects - Equipment			
24	Restricted Funds	-0-	20,000	20,000
25	016. Harlan County Fiscal Court - District 4 - Projects - Equipment			
26	Restricted Funds	-0-	20,000	20,000
27	017. Harlan County Fiscal Court - District 5 - Projects - Equipment			

1	Restricted Funds	-0-	20,000	20,000
2	018. Harlan County Fiscal Court - Evarts Fire Department - Equipment -			
3	Improvements			
4	Restricted Funds	-0-	3,000	3,000
5	019. Harlan County Fiscal Court - Evarts Senior Citizens - Operations -			
6	Improvements			
7	Restricted Funds	-0-	10,000	10,000
8	020. Harlan County Fiscal Court - Harlan County Pop Basketball Club -			
9	Equipment			
10	Restricted Funds	-0-	5,000	5,000
11	021. Harlan County Fiscal Court - Harlan Rescue Squad - Equipment			
12	Restricted Funds	-0-	3,000	3,000
13	022. Harlan County Fiscal Court - Harlan Volunteer Fire Department - Equipment			
14	- Improvements			
15	Restricted Funds	-0-	3,000	3,000
16	023. Harlan County Fiscal Court - Harlan/Green Hill Senior Citizens Centers -			
17	Operations - Improvements			
18	Restricted Funds	-0-	25,000	25,000
19	024. Harlan County Fiscal Court - Lower Clover Fork Volunteer Fire Department -			
20	Equipment - Improvements			
21	Restricted Funds	-0-	3,000	3,000
22	025. Harlan County Fiscal Court - Loyall Volunteer Fire Department - Equipment -			
23	Improvements			
24	Restricted Funds	-0-	3,000	3,000
25	026. Harlan County Fiscal Court - Lynch Volunteer Fire Department - Equipment -			
26	Improvements			
27	Restricted Funds	-0-	3,000	3,000

1	027. Harlan County Fiscal Court - Martins Fork Volunteer Fire Department -			
2	Equipment - Improvements			
3	Restricted Funds	-0-	3,000	3,000
4	028. Harlan County Fiscal Court - Putney Volunteer Fire Department - Equipment			
5	- Improvements			
6	Restricted Funds	-0-	3,000	3,000
7	029. Harlan County Fiscal Court - Sunshine Volunteer Fire Department -			
8	Equipment - Improvements			
9	Restricted Funds	-0-	3,000	3,000
10	030. Harlan County Fiscal Court - The Laurels - Debt Retirement			
11	Restricted Funds	-0-	50,000	50,000
12	031. Harlan County Fiscal Court - Tri-City Rescue Squad - Equipment			
13	Restricted Funds	-0-	3,000	3,000
14	032. Harlan County Fiscal Court - Tri-City Senior Citizens - Operations -			
15	Improvements			
16	Restricted Funds	-0-	10,000	10,000
17	033. Harlan County Fiscal Court - Upper Clover Fork Volunteer Fire Department -			
18	Equipment - Operations			
19	Restricted Funds	-0-	3,000	3,000
20	034. Harlan County Fiscal Court - Wallins Fellowship Center - Operations -			
21	Improvements			
22	Restricted Funds	-0-	10,000	10,000
23	035. Harlan County Fiscal Court - Wallins Volunteer Fire Department - Equipment			
24	- Improvements			
25	Restricted Funds	-0-	3,000	3,000
26	036. Harlan County Fiscal Court - Water Line -Sewer Projects			
27	Restricted Funds	-0-	579,000	600,000

1	037. Harlan County Fiscal Court - Yocum Creek Volunteer Fire Department -			
2	Equipment - Improvements			
3	Restricted Funds	-0-	3,000	3,000
4	Henderson County			
5	001. Henderson County Fiscal Court - Audubon Park Road to Boardwalk -			
6	Improvements			
7	Restricted Funds	-0-	100,000	-0-
8	002. Henderson County Fiscal Court - Bluegrass in the Park			
9	Restricted Funds	-0-	10,000	-0-
10	003. Henderson County Fiscal Court - County Projects			
11	Restricted Funds	-0-	132,224	296,527
12	004. Henderson County Fiscal Court - Fairgrounds - Improvements			
13	Restricted Funds	-0-	50,000	-0-
14	005. Henderson County Fiscal Court - Fire Hydrants - Improvements			
15	Restricted Funds	-0-	50,000	50,000
16	006. Henderson County Fiscal Court - HCC Surface and Underground Mining			
17	Certification Classes			
18	Restricted Funds	-0-	23,400	23,400
19	007. Henderson County Fiscal Court - WC Handy Blues Festival			
20	Restricted Funds	-0-	10,000	-0-
21	Hopkins County			
22	001. City of Dawson Springs - Dawson Springs City Project			
23	Restricted Funds	-0-	50,000	-0-
24	002. City of Earlington - Earlington Water Line Repair Project			
25	Restricted Funds	-0-	50,000	50,000
26	003. City of Hanson - Hanson Water Project - Improvements			
27	Restricted Funds	-0-	50,000	-0-

1	004. City of Madisonville - Madisonville Old City Building - Removal -			
2	Construction			
3	Restricted Funds	-0-	50,000	50,000
4	005. City of Mortons Gap - Mortons Gap - City Building - Improvements			
5	Restricted Funds	-0-	50,000	50,000
6	006. City of Nebo - Community Project			
7	Restricted Funds	-0-	-0-	50,000
8	007. City of Nortonville - Nortonville City Project			
9	Restricted Funds	-0-	-0-	30,000
10	008. City of Saint Charles - St. Charles City Hall and Park - Improvements			
11	Restricted Funds	-0-	37,500	-0-
12	009. City of White Plains - White Plains - Water Project - Improvements			
13	Restricted Funds	-0-	50,000	-0-
14	010. Hopkins County Fiscal Court - Anton Fire Department - Equipment			
15	Restricted Funds	-0-	5,000	5,000
16	011. Hopkins County Fiscal Court - Ballard Convention Center - Upgrades			
17	Restricted Funds	-0-	30,000	30,000
18	012. Hopkins County Fiscal Court - Charleston Fire Department - Equipment			
19	Restricted Funds	-0-	5,000	5,000
20	013. Hopkins County Fiscal Court - Dawson Springs Fire Department - Equipment			
21	Restricted Funds	-0-	5,000	5,000
22	014. Hopkins County Fiscal Court - Earlington Fire Department - Equipment			
23	Restricted Funds	-0-	5,000	5,000
24	015. Hopkins County Fiscal Court - Grapevine Fire Department - Equipment			
25	Restricted Funds	-0-	5,000	5,000
26	016. Hopkins County Fiscal Court - Hanson Fire Department - Equipment			
27	Restricted Funds	-0-	5,000	5,000

1	017. Hopkins County Fiscal Court - Manitou Fire Department - Equipment			
2	Restricted Funds	-0-	5,000	5,000
3	018. Hopkins County Fiscal Court - Mortons Gap Fire Department - Equipment			
4	Restricted Funds	-0-	5,000	5,000
5	019. Hopkins County Fiscal Court - Nebo Fire Department - Equipment			
6	Restricted Funds	-0-	5,000	5,000
7	020. Hopkins County Fiscal Court - Nortonville Fire Department - Equipment			
8	Restricted Funds	-0-	5,000	5,000
9	021. Hopkins County Fiscal Court - Projects Appropriated by Fiscal Court			
10	Restricted Funds	-0-	200,000	200,000
11	022. Hopkins County Fiscal Court - Richland Fire Department - Equipment			
12	Restricted Funds	-0-	5,000	5,000
13	023. Hopkins County Fiscal Court - Roads - Equipment			
14	Restricted Funds	-0-	200,000	250,000
15	024. Hopkins County Fiscal Court - Rosenwald-Smith Center - Repairs			
16	Restricted Funds	-0-	30,000	30,000
17	025. Hopkins County Fiscal Court - South Hopkins Fire Department - Equipment			
18	Restricted Funds	-0-	5,000	5,000
19	026. Hopkins County Fiscal Court - Sports Complex - Construction			
20	Restricted Funds	-0-	200,000	200,000
21	027. Hopkins County Fiscal Court - St. Charles Fire Department - Equipment			
22	Restricted Funds	-0-	5,000	5,000
23	028. Hopkins County Fiscal Court - Unallocated Projects			
24	Restricted Funds	-0-	29,386	68,580
25	029. Hopkins County Fiscal Court - White Plains Fire Department - Equipment			
26	Restricted Funds	-0-	5,000	5,000
27	030. Madisonville Community College - School Counts - Operations			

1	004. Johnson County Fiscal Court - Oil Springs Volunteer Fire Department -			
2	Equipment			
3	Restricted Funds	-0-	4,000	4,000
4	005. Johnson County Fiscal Court - Recreation - Operations - Equipment			
5	Restricted Funds	-0-	25,000	25,000
6	006. Johnson County Fiscal Court - Red Bush Volunteer Fire Department -			
7	Equipment			
8	Restricted Funds	-0-	4,000	4,000
9	007. Johnson County Fiscal Court - River Volunteer Fire Department - Equipment			
10	Restricted Funds	-0-	4,000	4,000
11	008. Johnson County Fiscal Court - Road Department - Equipment			
12	Restricted Funds	-0-	75,000	-0-
13	009. Johnson County Fiscal Court - Rockhouse Volunteer Fire Department -			
14	Equipment			
15	Restricted Funds	-0-	4,000	4,000
16	010. Johnson County Fiscal Court - Senior Citizens - Operations			
17	Restricted Funds	-0-	50,000	50,000
18	011. Johnson County Fiscal Court - Thealka Volunteer Fire Department -			
19	Equipment			
20	Restricted Funds	-0-	4,000	4,000
21	012. Johnson County Fiscal Court - Thelma Volunteer Fire Department -			
22	Equipment			
23	Restricted Funds	-0-	4,000	4,000
24	013. Johnson County Fiscal Court - Van Lear Volunteer Fire Department -			
25	Equipment			
26	Restricted Funds	-0-	4,000	4,000
27	014. Johnson County Fiscal Court - W.R. Volunteer Fire Department - Equipment			

1	Restricted Funds	-0-	4,000	4,000
2	015. Johnson County Fiscal Court - Water Lines - Improvements			
3	Restricted Funds	-0-	100,000	100,000
4	016. Johnson County Fiscal Court - West Van Lear Volunteer Fire Department -			
5	Equipment			
6	Restricted Funds	-0-	4,000	4,000
7	017. Johnson County Fiscal Court - Williamsport Volunteer Fire Department -			
8	Equipment			
9	Restricted Funds	-0-	4,000	4,000
10	Knott County			
11	001. Knott County Fiscal Court - Jail Bond Payment			
12	Restricted Funds	-0-	-0-	100,000
13	002. Knott County Fiscal Court - Sportsplex Bond Payment, Maintenance,			
14	Equipment, Improvements, and Operations			
15	Restricted Funds	-0-	-0-	800,000
16	003. Knott County Fiscal Court - Tourism and Economic Development Projects			
17	Restricted Funds	-0-	-0-	225,000
18	004. Knott County Fiscal Court - Various Water & Sewer Projects			
19	Restricted Funds	-0-	-0-	350,000
20	005. Knott County Fiscal Court - Volunteer Fire Department and Rescue Squads			
21	Restricted Funds	-0-	-0-	55,000
22	Knox County			
23	001. City of Barbourville - Barbourville Police Department - Equipment -			
24	Operations			
25	Restricted Funds	-0-	10,000	10,000
26	002. City of Barbourville - Equipment			
27	Restricted Funds	-0-	20,000	-0-

1	003. City of Barbourville - Fire Department - Equipment - Operations			
2	Restricted Funds	-0-	10,000	10,000
3	004. Knox County Board of Education - TV-4 - Equipment			
4	Restricted Funds	-0-	-0-	10,000
5	005. Knox County Fiscal Court - Appalachian Children's Home - Equipment			
6	Restricted Funds	10,000	-0-	-0-
7	006. Knox County Fiscal Court - Artemus Fire Department - Equipment -			
8	Operations			
9	Restricted Funds	-0-	10,000	10,000
10	007. Knox County Fiscal Court - Bailey Switch Fire Department - Equipment -			
11	Operations			
12	Restricted Funds	-0-	10,000	10,000
13	008. Knox County Fiscal Court - Christian Life Fellowship Food Pantry -			
14	Equipment - Operations			
15	Restricted Funds	2,500	-0-	-0-
16	009. Knox County Fiscal Court - Corbin Senior Citizens - Equipment			
17	Restricted Funds	5,000	-0-	-0-
18	010. Knox County Fiscal Court - East Knox Fire Department - Equipment -			
19	Operations			
20	Restricted Funds	-0-	10,000	10,000
21	011. Knox County Fiscal Court - Emergency Fund and Service, Inc. - Equipment			
22	Restricted Funds	10,000	-0-	-0-
23	012. Knox County Fiscal Court - Knox County Jail - Equipment			
24	Restricted Funds	-0-	20,000	20,000
25	013. Knox County Fiscal Court - Knox County Junior Football League -			
26	Equipment			
27	Restricted Funds	2,500	-0-	-0-

1	014. Knox County Fiscal Court - Knox Utility Commission - Whitley Line			
2	Extension			
3	Restricted Funds	-0-	20,000	-0-
4	015. Knox County Fiscal Court - Knox/Whitley County Animal Shelter - Capital			
5	Construction			
6	Restricted Funds	-0-	30,000	5,000
7	016. Knox County Fiscal Court - Lend-A-Hand Center - Equipment - Operations			
8	Restricted Funds	5,000	-0-	-0-
9	017. Knox County Fiscal Court - Poplar Creek Fire Department - Equipment -			
10	Operations			
11	Restricted Funds	-0-	10,000	10,000
12	018. Knox County Fiscal Court - Richland Fire Department - Equipment -			
13	Operations			
14	Restricted Funds	-0-	10,000	10,000
15	019. Knox County Fiscal Court - Sheriff's Department - Cruisers - Equipment			
16	Restricted Funds	25,000	25,000	25,000
17	020. Knox County Fiscal Court - Stinking Creek Fire Department - Equipment -			
18	Operations			
19	Restricted Funds	-0-	10,000	10,000
20	021. Knox County Fiscal Court - West Knox Fire Department - Equipment -			
21	Operations			
22	Restricted Funds	-0-	10,000	10,000
23	022. Knox County Fiscal Court - Woodbine Fire Department - Equipment -			
24	Operations			
25	Restricted Funds	-0-	10,000	10,000
26	023. Knox County Utility Commission - New Water Line Extensions			
27	Restricted Funds	-0-	50,000	50,000

1	Laurel County			
2	001. Laurel County Fiscal Court - Baldrock Fire Department - Equipment -			
3	Supplies			
4	Restricted Funds	-0-	7,287	7,321
5	002. Laurel County Fiscal Court - Bush Fire Department - Equipment - Supplies			
6	Restricted Funds	-0-	7,287	7,321
7	003. Laurel County Fiscal Court - Campground Fire Department - Equipment -			
8	Supplies			
9	Restricted Funds	-0-	7,287	7,321
10	004. Laurel County Fiscal Court - Colony Fire Department - Equipment - Supplies			
11	Restricted Funds	-0-	7,287	7,321
12	005. Laurel County Fiscal Court - Crossroad Fire Department - Equipment -			
13	Supplies			
14	Restricted Funds	-0-	7,287	7,321
15	006. Laurel County Fiscal Court - East Bernstadt Fire Department - Equipment -			
16	Supplies			
17	Restricted Funds	-0-	7,287	7,321
18	007. Laurel County Fiscal Court - Keavy Fire Department - Equipment - Supplies			
19	Restricted Funds	-0-	7,287	7,321
20	008. Laurel County Fiscal Court - Laurel County Fire Department - Equipment -			
21	Supplies			
22	Restricted Funds	-0-	7,287	7,321
23	009. Laurel County Fiscal Court - Laurel Fire Department - Equipment - Supplies			
24	Restricted Funds	-0-	7,287	7,321
25	010. Laurel County Fiscal Court - Lily County Fire Department - Equipment -			
26	Supplies			
27	Restricted Funds	-0-	7,287	7,321

1	011. Laurel County Fiscal Court - London Fire Department - Equipment - Supplies			
2	Restricted Funds	-0-	7,287	7,321
3	012. Laurel County Fiscal Court - McWhorter Fire Department - Equipment -			
4	Supplies			
5	Restricted Funds	-0-	7,287	7,321
6	013. Laurel County Fiscal Court - OPAC			
7	Restricted Funds	-0-	15,000	13,000

8 **Lawrence County**

9	001. City of Louisa - Downtown Beautification and Improvements			
10	Restricted Funds	-0-	15,000	10,000
11	002. Lawrence County Board of Education - Facility and Ground - Improvements			
12	Restricted Funds	-0-	15,000	10,000
13	003. Lawrence County Fire Department - Seven Fire Departments - Money to be			
14	divided equally - Equipment - Improvements			
15	Restricted Funds	-0-	17,500	17,500
16	004. Lawrence County Fiscal Court - Courthouse Annex Facility - Renovations -			
17	Operations - Improvements			
18	Restricted Funds	-0-	40,000	37,370
19	005. Lawrence County Fiscal Court - Lawrence County - Water Line Extensions			
20	Restricted Funds	-0-	-0-	75,000
21	006. Lawrence County Fiscal Court - Lawrence County Parks - Improvements -			
22	Upgrades			
23	Restricted Funds	-0-	45,000	40,000
24	007. Lawrence County Fiscal Court - Recycling Center - Improvements -			
25	Equipment			
26	Restricted Funds	-0-	-0-	15,000
27	008. Lawrence County Fiscal Court - Water Line Extensions			

1	Restricted Funds	-0-	75,925	-0-
2	Leslie County			
3	001. City of Hyden - General Government			
4	Restricted Funds	-0-	80,000	60,000
5	002. Leslie County Fiscal Court - Beechfork Senior Citizens operations			
6	Restricted Funds	-0-	150,000	150,000
7	003. Leslie County Fiscal Court - Coon Creek Volunteer Fire Department			
8	Operations			
9	Restricted Funds	-0-	10,000	10,000
10	004. Leslie County Fiscal Court - Cutshin Senior Citizens Operations			
11	Restricted Funds	-0-	150,000	150,000
12	005. Leslie County Fiscal Court - Cutshin Volunteer Fire Department Operations			
13	Restricted Funds	-0-	10,000	10,000
14	006. Leslie County Fiscal Court - General Government			
15	Restricted Funds	-0-	60,000	60,000
16	007. Leslie County Fiscal Court - Hyden Senior Citizens Operations			
17	Restricted Funds	-0-	150,000	150,000
18	008. Leslie County Fiscal Court - Hyden Volunteer Fire Department Operations			
19	Restricted Funds	-0-	10,000	10,000
20	009. Leslie County Fiscal Court - Leslie County 911 operations			
21	Restricted Funds	-0-	300,000	300,000
22	010. Leslie County Fiscal Court - Stinnett Senior Citizens Operations			
23	Restricted Funds	-0-	150,000	150,000
24	011. Leslie County Fiscal Court - Stinnett Volunteer Department Operations			
25	Restricted Funds	-0-	10,000	10,000
26	012. Leslie County Fiscal Court - Thousand Sticks Volunteer Fire Department			
27	Operations			

1	Equipment/Infrastructure			
2	Restricted Funds	-0-	-0-	25,000
3	005. Magoffin County Fiscal Court - Magoffin County Sheriff's Department -			
4	Equipment/Infrastructure			
5	Restricted Funds	-0-	-0-	25,000
6	006. Magoffin County Fiscal Court - Magoffin Senior Citizens Center -			
7	Operations/Equipment			
8	Restricted Funds	-0-	12,500	12,500
9	007. Magoffin County Fiscal Court - Middle Fork Volunteer Fire Department -			
10	Equipment/Infrastructure			
11	Restricted Funds	-0-	12,500	-0-
12	008. Magoffin County Fiscal Court - North Magoffin Volunteer Fire Department -			
13	Equipment/Infrastructure			
14	Restricted Funds	-0-	12,500	-0-
15	009. Magoffin County Fiscal Court - Ramey Park - Facility			
16	Upgrades/Equipment/Maintenance			
17	Restricted Funds	-0-	-0-	25,000
18	010. Magoffin County Fiscal Court - Salyersville Fire Department -			
19	Equipment/Infrastructure			
20	Restricted Funds	-0-	12,500	-0-
21	011. Magoffin County Fiscal Court - South Magoffin Volunteer Fire Department -			
22	Equipment/Infrastructure			
23	Restricted Funds	-0-	12,500	-0-
24	Martin County			
25	001. Martin County Fiscal Court - Courthouse - Debt Service			
26	Restricted Funds	-0-	700,000	700,000
27	002. Martin County Fiscal Court - Family Resource Centers - Operations			

1	Restricted Funds	-0-	30,000	30,000
2	Menifee County			
3	001. Menifee County Fiscal Court - City of Frenchburg Sign			
4	Restricted Funds	-0-	10,000	-0-
5	002. Menifee County Fiscal Court - Hope Shelter - Operations			
6	Restricted Funds	-0-	5,000	5,000
7	003. Menifee County Fiscal Court - Menifee County Actors Guild			
8	Restricted Funds	-0-	5,000	10,000
9	004. Menifee County Fiscal Court - Menifee County Ambulance Retirement Fund			
10	Restricted Funds	-0-	20,000	15,000
11	005. Menifee County Fiscal Court - Menifee County Champion			
12	Restricted Funds	-0-	5,000	5,000
13	006. Menifee County Fiscal Court - Menifee County Crime Watch			
14	Restricted Funds	-0-	2,500	2,500
15	007. Menifee County Fiscal Court - Menifee County Horse Trail - Improvements			
16	Restricted Funds	-0-	-0-	30,000
17	008. Menifee County Fiscal Court - Menifee County Park - Improvements			
18	Restricted Funds	-0-	1,500	1,500
19	009. Menifee County Fiscal Court - Menifee County Senior Citizens - Blacktop -			
20	Landscaping			
21	Restricted Funds	-0-	20,000	-0-
22	010. Menifee County Fiscal Court - Menifee County Sheriff - K9			
23	Restricted Funds	-0-	5,000	5,000
24	011. Menifee County Fiscal Court - Menifee County Solid Waste Trucks			
25	Restricted Funds	-0-	-0-	20,000
26	012. Menifee County Fiscal Court - Menifee Elementary - Middle School - Security			
27	Wall			

1	Restricted Funds	-0-	10,000	-0-
2	013. Menifee County Fiscal Court - Project Worth			
3	Restricted Funds	-0-	5,000	5,000
4	014. Menifee County Fiscal Court - Senior Citizens - Operations			
5	Restricted Funds	-0-	30,000	-0-
6	Morgan County			
7	001. City of West Liberty - Gas Line Extension - Dogwood Lane			
8	Restricted Funds	-0-	13,000	-0-
9	002. City of West Liberty - Gas Line Extension - Old Kentucky 172			
10	Restricted Funds	-0-	-0-	70,000
11	003. City of West Liberty - Gas Line Extension - Starting at City Limits at Neal			
12	Valley Along Liberty Road			
13	Restricted Funds	-0-	140,000	-0-
14	004. City of West Liberty - Gateway Homeless Shelter - Operations			
15	Restricted Funds	-0-	5,000	5,000
16	005. City of West Liberty - Sidewalk - Improvements			
17	Restricted Funds	-0-	-0-	25,000
18	006. City of West Liberty - West Liberty Fire Department - Equipment -			
19	Improvements			
20	Restricted Funds	-0-	32,000	32,000
21	007. Morgan County Fiscal Court - Eight Volunteer Fire Departments - Divided			
22	Equally - Equipment - Improvements			
23	Restricted Funds	-0-	40,000	-0-
24	008. Morgan County Fiscal Court - Food Pantry - Operations			
25	Restricted Funds	-0-	5,000	5,000
26	Muhlenberg County			
27	001. Muhlenberg County Fiscal Court - Debt Reduction Bond Indebtedness			

1	Restricted Funds	-0-	755,542	744,064
2	Ohio County			
3	001. Ohio County Fiscal Court - 1st District Infrastructure			
4	Restricted Funds	-0-	50,000	-0-
5	002. Ohio County Fiscal Court - 2nd District Infrastructure			
6	Restricted Funds	-0-	-0-	50,000
7	003. Ohio County Fiscal Court - 4th District Infrastructure			
8	Restricted Funds	-0-	50,000	50,000
9	004. Ohio County Fiscal Court - Centertown Area Infrastructure			
10	Restricted Funds	-0-	-0-	50,000
11	005. Ohio County Fiscal Court - Centertown/Rosine Internet			
12	Restricted Funds	-0-	50,000	-0-
13	006. Ohio County Fiscal Court - County Buildings - Renovation - Repairs - New			
14	Building			
15	Restricted Funds	-0-	50,000	-0-
16	007. Ohio County Fiscal Court - Countywide Road Improvements			
17	Restricted Funds	-0-	-0-	100,000
18	008. Ohio County Fiscal Court - Countywide - Fire Hydrants or Water Line			
19	District 1			
20	Restricted Funds	-0-	10,000	-0-
21	009. Ohio County Fiscal Court - Countywide - Fire Hydrants or Water Line			
22	District 2			
23	Restricted Funds	-0-	10,000	-0-
24	010. Ohio County Fiscal Court - Countywide - Fire Hydrants or Water Line			
25	District 3			
26	Restricted Funds	-0-	10,000	-0-
27	011. Ohio County Fiscal Court - Countywide - Fire Hydrants or Water Line			

1	District 4			
2	Restricted Funds	-0-	10,000	-0-
3	012. Ohio County Fiscal Court - Countywide - Fire Hydrants or Water Line			
4	District 5			
5	Restricted Funds	-0-	10,000	-0-
6	013. Ohio County Fiscal Court - Dundee Fire Department - Equipment			
7	Restricted Funds	-0-	10,000	-0-
8	014. Ohio County Fiscal Court - Hartford Fire Department - Improvements -			
9	Equipment			
10	Restricted Funds	-0-	-0-	25,000
11	015. Ohio County Fiscal Court - Hartford Infrastructure			
12	Restricted Funds	-0-	-0-	50,000
13	016. Ohio County Fiscal Court - Jail - Vehicle			
14	Restricted Funds	-0-	-0-	30,000
15	017. Ohio County Fiscal Court - McHenry Area - Improvements			
16	Restricted Funds	-0-	50,000	-0-
17	018. Ohio County Fiscal Court - Ohio County Economic Development			
18	Restricted Funds	-0-	150,000	100,000
19	019. Ohio County Fiscal Court - Ohio County Park - Improvements			
20	Restricted Funds	-0-	48,234	39,312
21	020. Ohio County Fiscal Court - Ohio County Veterans Museum - Operations			
22	Restricted Funds	-0-	-0-	10,000
23	021. Ohio County Fiscal Court - Rockport Area Infrastructure			
24	Restricted Funds	-0-	-0-	50,000
25	022. Ohio County Fiscal Court - Rosine Fire Department - Horse Branch Sub			
26	Station			
27	Restricted Funds	-0-	30,000	-0-

1	023. Ohio County Fiscal Court - Sheriff's Department - Vehicles - Equipment			
2	Restricted Funds	-0-	50,000	25,000

3 **Owsley County**

4	001. Owsley County Board of Education - Owsley County Library			
5	Restricted Funds	-0-	-0-	27,032

6	002. Owsley County Board of Education - Owsley County School Board - Lighting			
7	and rebuilding sidewalks (safety factor)			
8	Restricted Funds	-0-	54,930	-0-

9	003. Owsley County Fiscal Court - Booneville Fire Department			
10	Restricted Funds	-0-	10,000	10,000

11	004. Owsley County Fiscal Court - Booneville Rescue Squad			
12	Restricted Funds	-0-	10,000	10,000

13	005. Owsley County Fiscal Court - Civil Center			
14	Restricted Funds	-0-	-0-	100,000

15	006. Owsley County Fiscal Court - Health Department and lot			
16	Restricted Funds	-0-	75,000	-0-

17	007. Owsley County Fiscal Court - Island City Fire Department			
18	Restricted Funds	-0-	10,000	10,000

19	008. Owsley County Fiscal Court - Vicent Fire Department			
20	Restricted Funds	-0-	10,000	10,000

21 **Perry County**

22	001. City of Buckhorn - Operations - Maintenance			
23	Restricted Funds	-0-	45,000	45,000

24	002. City of Vicco - Operations - Maintenance			
25	Restricted Funds	-0-	45,000	45,000

26	003. Perry County Fiscal Court - Airport Maintenance and Tree Removal			
27	Restricted Funds	-0-	10,000	10,000

1	004.	Perry County Fiscal Court - Animal Shelters - Supplies			
2		Restricted Funds	-0-	10,000	10,000
3	005.	Perry County Fiscal Court - Care Cottage - Operations			
4		Restricted Funds	-0-	30,000	30,000
5	006.	Perry County Fiscal Court - Challenger Center - Supplies			
6		Restricted Funds	-0-	25,000	25,000
7	007.	Perry County Fiscal Court - Fire Department - Equipment			
8		Restricted Funds	-0-	65,000	65,000
9	008.	Perry County Fiscal Court - Hazard Community Ministries - Operations			
10		Restricted Funds	-0-	25,000	25,000
11	009.	Perry County Fiscal Court - Hazard Indenpdent - Supplies			
12		Restricted Funds	-0-	100,000	100,000
13	010.	Perry County Fiscal Court - Homeless Shelter - Operations - Supplies			
14		Restricted Funds	-0-	25,000	25,000
15	011.	Perry County Fiscal Court - Hospice - Supplies			
16		Restricted Funds	-0-	90,000	90,000
17	012.	Perry County Fiscal Court - Little Flower Clinic - Operations			
18		Restricted Funds	-0-	30,000	30,000
19	013.	Perry County Fiscal Court - Maintenance - Recycling - Improvements			
20		Restricted Funds	-0-	105,000	105,000
21	014.	Perry County Fiscal Court - Park Improvement and Maintenance			
22		Restricted Funds	-0-	37,500	37,500
23	015.	Perry County Fiscal Court - Perry County Schools - Supplies			
24		Restricted Funds	-0-	137,500	137,500
25	016.	Perry County Fiscal Court - Perry County Sheriff's Department - Operations-			
26		Equipment			
27		Restricted Funds	-0-	45,000	45,000

1	017. Perry County Fiscal Court - Sewer Plant - Chavies			
2	Restricted Funds	-0-	180,000	180,000
3	018. Perry County Fiscal Court - University College of the Mountains - Supplies			
4	Restricted Funds	-0-	90,000	90,000
5	019. Perry County Fiscal Court - Water Projects - North Perry			
6	Restricted Funds	-0-	112,500	112,500
7	020. Perry County Fiscal Court - Water Projects - South Perry			
8	Restricted Funds	-0-	225,000	225,000

9 **Pike County**

10	001. Pike County Fiscal Court - Economic and Industrial Development Project			
11	Pool			
12	Restricted Funds	-0-	2,445,800	2,404,100

13 **(1) Use of Funds:** Any qualified government agency in Pike County may apply to
14 the Department for Local Government for grants from the above project pool. Grants
15 shall only be approved for bona fide economic and industrial development projects as
16 prescribed by KRS 42.4588. The Department for Local Government shall consult with
17 the Pike County legislative delegation prior to the approval of any grant agreement.

18 **Pulaski County**

19	001. City of Burnside - Burnside Cole Park - Infrastructure Needs			
20	Restricted Funds	-0-	-0-	5,000
21	002. City of Burnside - Burnside Police Department - Infrastructure Needs			
22	Restricted Funds	-0-	-0-	10,000
23	003. City of Eubank - Eubank Community Park - Improvements			
24	Restricted Funds	-0-	10,000	-0-
25	004. Pulaski County Fiscal Court - Emergency Infrastructure - Local 911 Center			
26	Restricted Funds	-0-	10,000	-0-
27	005. Pulaski County Fiscal Court - Future Development of Mt. Victory			

1	Community Park			
2	Restricted Funds	-0-	-0-	35,000
3	006. Pulaski County Fiscal Court - Future Development of Pleasant Hill			
4	Community Park			
5	Restricted Funds	-0-	34,631	-0-
6	007. Pulaski County Fiscal Court - Woodstock Community Park - Operations			
7	Restricted Funds	-0-	-0-	23,358
8	008. Somerset Community College - Recreational Infrastructure - Somerset			
9	Campus			
10	Restricted Funds	-0-	20,000	-0-
11	Rockcastle County			
12	001. Rockcastle County Fiscal Court - Brindle Ridge Volunteer Fire Department -			
13	Equipment			
14	Restricted Funds	-0-	5,000	-0-
15	002. Rockcastle County Fiscal Court - Brodhead Depot Park - Construction on			
16	Entertainment Stage			
17	Restricted Funds	-0-	10,000	10,000
18	003. Rockcastle County Fiscal Court - Brodhead Volunteer Fire Department -			
19	Equipment			
20	Restricted Funds	-0-	5,000	-0-
21	004. Rockcastle County Fiscal Court - Climax Volunteer Fire Department -			
22	Equipment			
23	Restricted Funds	-0-	30,000	-0-
24	005. Rockcastle County Fiscal Court - Economic Development to update Parking			
25	Lot and Building			
26	Restricted Funds	-0-	12,500	12,500
27	006. Rockcastle County Fiscal Court - Library - Operations			

1	Restricted Funds	-0-	15,000	15,000
2	007. Rockcastle County Fiscal Court - Livingston Volunteer Fire Department -			
3	Equipment			
4	Restricted Funds	-0-	5,000	-0-
5	008. Rockcastle County Fiscal Court - Mt. Vernon Volunteer Fire Department -			
6	Equipment			
7	Restricted Funds	-0-	5,000	-0-
8	009. Rockcastle County Fiscal Court - Music Hall of Fame - Audit			
9	Restricted Funds	-0-	12,500	-0-
10	010. Rockcastle County Fiscal Court - Music Hall of Fame - Business Plan			
11	Restricted Funds	-0-	12,500	-0-
12	011. Rockcastle County Fiscal Court - Music Kentucky - Operations			
13	Restricted Funds	-0-	12,500	12,500
14	012. Rockcastle County Fiscal Court - Pongo Volunteer Fire Department -			
15	Equipment			
16	Restricted Funds	-0-	5,000	-0-
17	013. Rockcastle County Fiscal Court - Recreational Fund (\$100,000 to be used			
18	with tax collected from occupational tax for Recreational Park Rehab)			
19	Restricted Funds	-0-	50,000	50,000
20	014. Rockcastle County Fiscal Court - Road Department - Equipment			
21	Restricted Funds	-0-	15,000	15,000
22	015. Rockcastle County Fiscal Court - Rockcastle E911 - Equipment			
23	Restricted Funds	-0-	17,500	17,500
24	016. Rockcastle County Fiscal Court - Rockcastle Rescue Squad - Equipment			
25	Restricted Funds	-0-	5,000	-0-
26	017. Rockcastle County Fiscal Court - Trail Town Buildings - Improvements			
27	Restricted Funds	-0-	15,000	15,000

1	018.	Rockcastle County Fiscal Court - Water Line Extensions for area in Hummel			
2		(seven houses) and Lower River Road (five houses)			
3		Restricted Funds	-0-	10,000	10,000
4	019.	Rockcastle County Fiscal Court - Western Volunteer Fire Department -			
5		Equipment			
6		Restricted Funds	-0-	5,000	-0-
7	Union County				
8	001.	City of Morganfield - Any Water or Sewer Repair or Extension to System			
9		Restricted Funds	500,000	-0-	-0-
10	002.	Union County Fiscal Court - Braves to College			
11		Restricted Funds	-0-	100,000	100,000
12	003.	Union County Fiscal Court - County Projects			
13		Restricted Funds	-0-	447,814	1,217,167
14	004.	Union County Fiscal Court - HCC Surface and Underground Mining			
15		Education Certification Classes			
16		Restricted Funds	-0-	23,400	23,400
17	005.	Union County Fiscal Court - Sturgis/Union County Water District			
18		Interconnect			
19		Restricted Funds	-0-	250,000	-0-
20	006.	Union County Fiscal Court - Union County Museum - Operations			
21		Restricted Funds	-0-	40,000	-0-
22	Webster County				
23	001.	City of Providence - KIA Loan Payment A90-01.05			
24		Restricted Funds	-0-	319,000	-0-
25	(1) Project Priority:	The project listed above shall be funded prior to any other			
26		project listed in this section for Webster County.			
27	002.	City of Clay - Purchase Equipment			

1	Restricted Funds	-0-	75,000	75,000
2	003. City of Clay - Sewer Line - Improvements			
3	Restricted Funds	-0-	75,000	-0-
4	004. City of Dixon - Roads and Equipment			
5	Restricted Funds	-0-	-0-	100,000
6	005. City of Providence - Purchase Equipment			
7	Restricted Funds	-0-	75,000	100,000
8	006. City of Providence - Sewer and Water Improvements			
9	Restricted Funds	-0-	75,000	75,000
10	007. City of Sebree - Water and Sewer Repair or Enhancements			
11	Restricted Funds	-0-	200,000	200,000
12	008. City of Slaughters - Park Improvements and Purchase Playground Equipment			
13	Restricted Funds	-0-	35,000	-0-
14	009. City of Wheatcroft - Purchase Equipment			
15	Restricted Funds	-0-	50,000	-0-
16	010. Webster County Fiscal Court - All City/County Fire Departments - Equally			
17	Divided - Equipment - Training			
18	Restricted Funds	-0-	-0-	63,000
19	011. Webster County Fiscal Court - Projects Appropriated by Fiscal Court			
20	Restricted Funds	-0-	200,000	250,000
21	012. Webster County Fiscal Court - Roads and Equipment			
22	Restricted Funds	-0-	-0-	250,000
23	Whitley County			
24	001. Cedar Ridge Ministries - Supplies - Equipment - Operations			
25	Restricted Funds	-0-	5,000	5,000
26	002. City of Corbin - Fire Department - Equipment			
27	Restricted Funds	-0-	5,000	5,000

1	003. City of Corbin - Library - Equipment			
2	Restricted Funds	-0-	2,500	2,500
3	004. City of Corbin - Police Department - Equipment			
4	Restricted Funds	-0-	5,000	5,000
5	005. City of Williamsburg - Fire Department - Equipment			
6	Restricted Funds	-0-	5,000	5,000
7	006. City of Williamsburg - Police Department - Equipment			
8	Restricted Funds	-0-	5,000	5,000
9	007. City of Williamsburg - Senior Citizens Center - Equipment			
10	Restricted Funds	-0-	5,000	5,000
11	008. Corbin Independent Board of Education - Equipment and Upgrades			
12	Restricted Funds	-0-	10,000	10,000
13	009. Corbin Independent Board of Education - Youth Centers - Supplies			
14	Restricted Funds	-0-	4,000	-0-
15	010. Knox Utility Commission - Whitley Line Extension			
16	Restricted Funds	-0-	40,000	-0-
17	011. Whitley County Board of Education - Equipment and Upgrades			
18	Restricted Funds	-0-	10,000	10,000
19	012. Whitley County Fiscal Court - Animal Shelter - Capital Construction			
20	Restricted Funds	-0-	15,000	5,000
21	013. Whitley County Fiscal Court - County Jail - Equipment			
22	Restricted Funds	-0-	5,000	5,000
23	014. Whitley County Fiscal Court - Emlyn Fire Department - Equipment			
24	Restricted Funds	-0-	3,000	3,000
25	015. Whitley County Fiscal Court - Goldbug Fire Department - Equipment			
26	Restricted Funds	-0-	3,000	3,000
27	016. Whitley County Fiscal Court - Oak Grove Fire Department - Equipment			

1	Restricted Funds	-0-	3,000	3,000
2	017. Whitley County Fiscal Court - Patterson Creek Fire Department - Equipment			
3	Restricted Funds	-0-	3,000	3,000
4	018. Whitley County Fiscal Court - Pleasant View Fire Department - Equipment			
5	Restricted Funds	-0-	3,000	3,000
6	019. Whitley County Fiscal Court - Rockhold Fire Department - Equipment			
7	Restricted Funds	-0-	3,000	3,000
8	020. Whitley County Fiscal Court - South Whitley Fire Department - Equipment			
9	Restricted Funds	-0-	3,000	3,000
10	021. Whitley County Fiscal Court - Whitley County Library - Equipment			
11	Restricted Funds	-0-	2,500	2,500
12	022. Whitley County Fiscal Court - Whitley County Sheriff's Department -			
13	Equipment			
14	Restricted Funds	-0-	5,000	5,000
15	023. Williamsburg Independent Board of Education - Equipment and Upgrades			
16	Restricted Funds	-0-	10,000	10,000
17	024. Williamsburg Independent Board of Education - Youth Center - Supplies			
18	Restricted Funds	-0-	2,000	-0-
19	025. Williamsburg Independent Board of Education - Youth Centers - Supplies			
20	Restricted Funds	-0-	18,000	-0-
21	Wolfe County			
22	001. City of Campton - Campton City Park - Improvements			
23	Restricted Funds	-0-	-0-	5,000
24	002. City of Campton - Water Improvements			
25	Restricted Funds	-0-	-0-	25,000
26	003. Wolfe County Board of Education - Red River Elementary - Employee			
27	Retainment			

1	Restricted Funds	-0-	20,000	-0-
2	004. Wolfe County Board of Education - Rogers Elementary - Building Addition			
3	Restricted Funds	-0-	14,000	-0-
4	005. Wolfe County Board of Education - Rogers Elementary Computer Change			
5	Out			
6	Restricted Funds	-0-	4,000	2,000
7	006. Wolfe County Board of Education - Wolfe County Boys Athletics - Supplies -			
8	Equipment			
9	Restricted Funds	-0-	2,000	1,500
10	007. Wolfe County Board of Education - Wolfe County Girls Athletics - Supplies -			
11	Equipment			
12	Restricted Funds	-0-	2,000	1,500
13	008. Wolfe County Board of Education - Wolfe County Middle School Athletics -			
14	Supplies - Equipment			
15	Restricted Funds	-0-	2,000	1,500
16	009. Wolfe County Board of Education - Wolfe County Teacher Enrichment			
17	Retention			
18	Restricted Funds-0-	15,000	5,000	
19	010. Wolfe County Fiscal Court - Adult Community Education			
20	Restricted Funds	-0-	10,000	5,000
21	011. Wolfe County Fiscal Court - American Legion - Operations			
22	Restricted Funds	-0-	2,500	2,500
23	012. Wolfe County Fiscal Court - City of Campton Fire Department - Equipment -			
24	Supplies			
25	Restricted Funds	-0-	10,000	10,000
26	013. Wolfe County Fiscal Court - County Garage - Improvements - Upgrades			
27	Restricted Funds	-0-	10,000	10,000

1	014. Wolfe County Fiscal Court - Hazel Green Fire Department - Equipment -			
2	Supplies			
3	Restricted Funds	-0-	10,000	10,000
4	015. Wolfe County Fiscal Court - Hazel Green Park Project			
5	Restricted Funds	-0-	15,000	10,000
6	016. Wolfe County Fiscal Court - Hazel Green/Lee City Fire Department -			
7	Equipment - Supplies			
8	Restricted Funds	-0-	10,000	10,000
9	017. Wolfe County Fiscal Court - Lacey Creek, Amburgey Fork, Johnson Fork,			
10	and Perkins Fork - Water Line Improvements			
11	Restricted Funds	-0-	40,000	-0-
12	018. Wolfe County Fiscal Court - Salt Supplies			
13	Restricted Funds	-0-	5,000	5,000
14	019. Wolfe County Fiscal Court - Search and Rescue - Supplies - Equipment			
15	Restricted Funds	-0-	3,000	3,000
16	020. Wolfe County Fiscal Court - Silver Mine Festival - Supplies - Equipment			
17	Restricted Funds	-0-	5,000	5,000
18	021. Wolfe County Fiscal Court - Wolfe County American Legion - Operations			
19	Restricted Funds	-0-	2,500	2,500
20	022. Wolfe County Fiscal Court - Wolfe County Community Park - Improvements			
21	Restricted Funds	-0-	7,500	7,500
22	023. Wolfe County Fiscal Court - Wolfe County Jailer - Supplies - Equipment			
23	Restricted Funds	-0-	10,000	10,000
24	024. Wolfe County Fiscal Court - Wolfe County Library - Operations			
25	Restricted Funds	-0-	2,500	2,500
26	025. Wolfe County Fiscal Court - Wolfe County Senior Citizens - Operations			
27	Restricted Funds	-0-	10,000	10,000

1 the budget unit as authorized by law. Federal Funds receipts shall be credited and allotted
2 to the respective fund account out of which a specified appropriation is made in this Act.
3 All Federal Funds receipts shall be deposited in the State Treasury and credited to the
4 proper account as provided in KRS Chapters 12, 42, 45, and 48.

5 **2. Expenditure of Excess Restricted Funds or Federal Funds Receipts:** If
6 receipts received or credited to the Restricted Funds accounts or Federal Funds accounts
7 of a budget unit during fiscal year 2014-2015 or fiscal year 2015-2016, and any balance
8 forwarded to the credit of these same accounts from the previous fiscal year, exceed the
9 appropriation made by specific sum for these accounts of the budget unit as provided in
10 Part I, Operating Budget, of this Act, for the fiscal year in which the excess occurs, the
11 excess funds in the accounts of the budget unit shall become available for expenditure for
12 the purpose of the account during the fiscal year only upon compliance with the
13 conditions and procedures specified in KRS 48.400, 48.500, 48.600, 48.605, 48.610,
14 48.620, 48.630, 48.730, and 48.800, and with the authorization of the State Budget
15 Director and approval of the Secretary of the Finance and Administration Cabinet.

16 Prior to authorizing the appropriation of any excess, unbudgeted Restricted Funds
17 pursuant to this section, the State Budget Director and the Secretary of the Finance and
18 Administration Cabinet shall review the adequacy of the General Fund Surplus Account
19 with respect to its availability to support authorized expenditures from the General Fund
20 Surplus Account, known as Necessary Government Expenses. If General Fund Surplus
21 Account moneys are determined by this review to be adequate to meet known or
22 anticipated Necessary Government Expenses during fiscal year 2014-2015 or fiscal year
23 2015-2016, respectively, then the appropriation increase may be approved. If the review
24 indicates that there are insufficient funds available or reasonably estimated to become
25 available to the General Fund Surplus Account to meet known or projected Necessary
26 Government Expenses for the fiscal years enumerated above, the State Budget Director
27 and the Secretary of the Finance and Administration Cabinet may disapprove the request

1 for additional Restricted Funds expenditure authority and may direct the excess Restricted
2 Funds identified to the General Fund Surplus Account in order to meet Necessary
3 Government Expense obligations. The results of any review shall be reported to the
4 Interim Joint Committee on Appropriations and Revenue in accordance with KRS
5 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.730, and 48.800.

6 Any request made by a budget unit pursuant to KRS 48.630 that relates to
7 Restricted Funds or Federal Funds shall include documentation showing a comparative
8 statement of revised estimated receipts by fund source and the proposed expenditures by
9 proposed use, with the appropriated sums specified in the Budget of the Commonwealth,
10 and statements which explain the cause, source, and use for any variances which may
11 exist.

12 Each budget unit shall submit its reports in print and electronic format consistent
13 with the Restricted Funds and Federal Funds records contained in the fiscal biennium
14 2014-2016 Branch Budget Request Manual and according to the following schedule in
15 each fiscal year: (a) On or before the beginning of each fiscal year; (b) On or before
16 October 1; (c) On or before January 1; and (d) On or before April 1.

17 **3. Interim Appropriation Increases:** No appropriation from any fund source
18 shall exceed the sum specified in this Act until the agency has documented the necessity,
19 purpose, use, and source, and the documentation has been submitted to the Interim Joint
20 Committee on Appropriations and Revenue for its review and action in accordance with
21 KRS 48.630. Proposed revisions to an appropriation contained in the enacted Executive
22 Budget or allotment of an unbudgeted appropriation shall conform to the conditions and
23 procedures of KRS 48.630 and this Act.

24 Notwithstanding KRS 48.630(3), (4), and (5), any proposed and recommended
25 actions to increase appropriations for funds specified in Section 2. of this Part shall be
26 scheduled consistent with the timetable contained in that section in order to provide
27 continuous and timely budget information.

1 **4. Revision of Appropriation Allotments:** Allotments within appropriated
2 sums for the activities and purposes contained in the enacted Executive Budget shall
3 conform to KRS 48.610 and may be revised pursuant to KRS 48.605 and this Act.

4 **5. Appropriations Expenditure Purpose and Transfer Restrictions:** Funds
5 appropriated in this Act shall not be expended for any purpose not specifically authorized
6 by the General Assembly in this Act nor shall funds appropriated in this Act be
7 transferred to or between any cabinet, department, board, commission, institution, agency,
8 or budget unit of state government unless specifically authorized by the General
9 Assembly in this Act and KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630,
10 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810. Compliance with the
11 provisions of this section shall be reviewed and determined by the Interim Joint
12 Committee on Appropriations and Revenue.

13 **6. Permitted Appropriation Obligations:** No state agency, cabinet,
14 department, office, or program shall incur any obligation against the General Fund or
15 Road Fund appropriations contained in this Act unless the obligation may be reasonably
16 determined to have been contemplated in the enacted budget and is based upon
17 supporting documentation considered by the General Assembly and legislative and
18 executive records.

19 **7. Lapse of General Fund or Road Fund Appropriations Supplanted by**
20 **Federal Funds:** Any General Fund or Road Fund appropriation made in anticipation of a
21 lack, loss, or reduction of Federal Funds shall lapse to the General Fund or Road Fund
22 Surplus Account, respectively, to the extent the Federal Funds otherwise become
23 available.

24 **8. Federally Funded Agencies:** A state agency entitled to Federal Funds, which
25 would represent 100 percent of the cost of a program, shall conform to KRS 48.730.

26 **9. Lapse of General Fund or Road Fund Excess Debt Service**
27 **Appropriations:** Pursuant to KRS 48.720, any excess General Fund or Road Fund debt

1 service shall lapse to the respective surplus account unless otherwise directed in this Act.

2 **10. Statutes in Conflict:** All statutes and portions of statutes in conflict with any
3 of the provisions of this Act, to the extent of the conflict, are suspended unless otherwise
4 provided by this Act.

5 **11. Construction of Budget Provisions on Statutory Budget Administration**
6 **Powers and Duties:** Nothing in this Act is to be construed as amending or altering
7 Chapters 42, 45, and 48 of the Kentucky Revised Statutes pertaining to the duties and
8 powers of the Secretary of the Finance and Administration Cabinet except as otherwise
9 provided in this Act.

10 **12. Interpretation of Appropriations:** All questions that arise in interpreting any
11 appropriation in this Act as to the purpose or manner for which the appropriation may be
12 expended shall be decided by the Secretary of the Finance and Administration Cabinet
13 pursuant to KRS 48.500, and the decision of the Secretary of the Finance and
14 Administration Cabinet shall be final and conclusive.

15 **13. Publication of the Budget of the Commonwealth:** The State Budget
16 Director shall cause the Governor's Office for Policy and Management, within 60 days of
17 adjournment of the 2014 Regular Session of the General Assembly, to publish a final
18 enacted budget document, styled the Budget of the Commonwealth, based upon the
19 Legislative Budget, Executive Budget, Transportation Cabinet Budget, and Judicial
20 Budget as enacted by the 2014 Regular Session, as well as other Acts which contain
21 appropriation provisions for the 2014-2016 fiscal biennium, and based upon supporting
22 documentation and legislative records as considered by the 2014 Regular Session. This
23 document shall include, for each agency and budget unit, a consolidated budget summary
24 statement of available regular and continuing appropriated revenue by fund source,
25 corresponding appropriation allocations by program or subprogram as appropriate, budget
26 expenditures by principal budget class, and any other fiscal data and commentary
27 considered necessary for budget execution by the Governor's Office for Policy and

1 Management and oversight by the Interim Joint Committee on Appropriations and
2 Revenue. The enacted Executive Budget and Transportation Cabinet Budget shall be
3 revised or adjusted only upon approval by the Governor's Office for Policy and
4 Management as provided in each Part of this Act and by KRS 48.400, 48.500, 48.600,
5 48.605, 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and
6 48.810, and upon review and action by the Interim Joint Committee on Appropriations
7 and Revenue.

8 **14. State Financial Condition:** Pursuant to KRS 48.400, the State Budget
9 Director shall monitor and report on the financial condition of the Commonwealth.

10 **15. Prorating Administrative Costs:** The Secretary of the Finance and
11 Administration Cabinet is authorized to establish a system or formula or a combination of
12 both for prorating the administrative costs of the Finance and Administration Cabinet, the
13 Department of the Treasury, and the Office of the Attorney General relative to the
14 administration of programs in which there is joint participation by the state and federal
15 governments for the purpose of receiving the maximum amount of participation permitted
16 under the appropriate federal laws and regulations governing the programs. The receipts
17 and allotments under this section shall be reported to the Interim Joint Committee on
18 Appropriations and Revenue prior to any transfer of funds.

19 **16. Construction of Budget Provisions Regarding Executive Reorganization**
20 **Orders:** Nothing in this Act shall be construed to confirm or ratify, under KRS 12.027 or
21 12.028, any executive reorganization order unless the executive order was confirmed or
22 ratified by appropriate amendment to the Kentucky Revised Statutes in another Act of the
23 2014 Regular Session of the General Assembly. If any executive reorganization order
24 issued from the sine die adjournment of the 2013 Regular Session to the sine die
25 adjournment of the 2014 Regular Session was not confirmed by the 2014 Regular Session
26 of the General Assembly, the Secretary of the Finance and Administration Cabinet shall,
27 in consultation with agency heads and with notification to the Legislative Research

1 Commission, transfer the balance of funds for any affected program or function for fiscal
 2 year 2013-2014 and any related appropriations and funds for each of the next two fiscal
 3 years from the budget unit in which the program or function was placed by the executive
 4 reorganization order to the budget unit in which the program or function resided prior to
 5 the reorganization action or in which it was placed by action of the 2014 Regular Session
 6 of the General Assembly.

7 **17. Budget Planning Report:** By August 15, 2015, the State Budget Director, in
 8 conjunction with the Consensus Forecasting Group, shall provide to each branch of
 9 government, pursuant to KRS 48.120, a budget planning report.

10 **18. Tax Expenditure Revenue Loss Estimates:** By November 30, 2015, the
 11 Office of State Budget Director shall provide to each branch of government detailed
 12 estimates for the General Fund and Road Fund for the current and next two fiscal years of
 13 the revenue loss affected by tax expenditures. The Department of Revenue shall provide
 14 assistance and furnish data which is not restricted by KRS 131.190. "Tax expenditure" as
 15 used in this section means an exemption, exclusion, or deduction from the base of a tax, a
 16 credit against the tax, a deferral of a tax, or a preferential tax rate. The estimates shall
 17 include for each tax expenditure the amount of revenue loss, a citation of the legal
 18 authority for the tax expenditure, the year in which it was enacted, and the tax year in
 19 which it became effective.

20 **19. Duplicate Appropriations:** Any appropriation item and sum in Parts I to X of
 21 this Act and in an appropriation provision in any Act of the 2014 Regular Session which
 22 constitutes a duplicate appropriation shall be governed by KRS 48.312.

23 **20. Priority of Individual Appropriations:** KRS 48.313 shall control when a
 24 total or subtotal figure in this Act conflicts with the sum of the appropriations of which it
 25 consists.

26 **21. Severability of Budget Provisions:** Appropriation items and sums in Parts I
 27 to X of this Act shall conform to KRS 48.311. If any section, any subsection, or any

1 provision is found by a court of competent jurisdiction in a final, unappealable order to be
2 invalid or unconstitutional, the decision of the courts shall not affect or impair any of the
3 remaining sections, subsections, or provisions.

4 **22. Unclaimed Lottery Prize Money:** For fiscal year 2014-2015 and fiscal year
5 2015-2016, all unclaimed lottery prize money under KRS 154A.110(3) shall be credited
6 to the Kentucky Educational Excellence Scholarship Reserve Account to be held as a
7 subsidiary account within the Finance and Administration Cabinet for the purpose of
8 funding the KEES Program as appropriated in this Act. If the Kentucky Higher Education
9 Assistance Authority certifies to the State Budget Director that the appropriations in this
10 Act for the KEES Program under the existing award schedule are insufficient to meet
11 funds required for eligible applicants, then the State Budget Director shall provide the
12 necessary allotment of funds in the balance of the KEES Reserve Account to fund the
13 KEES Program. Actions taken under this section shall be reported to the Interim Joint
14 Committee on Appropriations and Revenue on a timely basis.

15 **23. Workers' Compensation:** Notwithstanding KRS 342.340(1) or any other
16 provision of law, public sector self-insured employers are not required to deposit funds as
17 security, indemnity, or bond to secure the payment of compensation liabilities, provided
18 that each public sector employer has the authority to impose taxes or raise tuition in an
19 amount sufficient to recoup payments of compensation liabilities as they are incurred.
20 Notwithstanding KRS 342.340(1) and 803 KAR 25:021, Section 5, the Personnel Cabinet
21 shall be exempt from procuring excess risk insurance in fiscal year 2014-2015 and fiscal
22 year 2015-2016 for the Workers' Compensation Benefits and Reserve program
23 administered by the Cabinet.

24 **24. Premium and Retaliatory Taxes:** Notwithstanding KRS 304.17B-021(4)(d),
25 premium taxes collected under KRS Chapter 136 from any insurer and retaliatory taxes
26 collected under KRS 304.3-270 from any insurer shall be credited to the General Fund.

27 **25. Carry Forward and Undesignated General Fund and Road Fund Carry**

1 **Forward:** Notwithstanding KRS 48.700, 48.705, and other Parts of this Act, the
 2 Secretary of the Finance and Administration Cabinet shall determine and certify within 30
 3 days of the close of fiscal year 2013-2014 and fiscal year 2014-2015 the actual amount of
 4 undesignated balance of the General Fund and the Road Fund for the year just ended. The
 5 amounts from the undesignated fiscal year 2013-2014 and fiscal year 2014-2015 General
 6 Fund and Road Fund balances that are designated and carried forward for budgeted
 7 purposes in the 2014-2016 fiscal biennium shall be determined by the State Budget
 8 Director during the close of the respective fiscal year and shall be reported to the Interim
 9 Joint Committee on Appropriations and Revenue within 30 days of the close of the fiscal
 10 year. Any General Fund undesignated balance in excess of the amount designated for
 11 budgeted purposes under this section shall be made available for the General Fund
 12 Surplus Expenditure Plan contained in Part VII of this Act unless otherwise provided in
 13 this Act. The Road Fund undesignated balance in excess of the amount designated for
 14 budgeted purposes under this section shall be made available for the Road Fund Surplus
 15 Expenditure Plan contained in Part IX of this Act unless otherwise provided in this Act.}]
 16 ~~On June 30, 2016, the Secretary of the Finance and Administration Cabinet shall estimate~~
 17 ~~the General Fund receipts for fiscal year 2015-2016, and an amount equal to the estimated~~
 18 ~~fiscal year 2015-2016 General Fund receipts in excess of \$10,067,223,600 net of the~~
 19 ~~necessary adjustment for severance taxes shall be transferred to the Budget Reserve Trust~~
 20 ~~Fund Account (KRS 48.705). All amounts transferred to the Budget Reserve Trust Fund~~
 21 ~~Account (KRS 48.705) under this subsection shall be reported to the Interim Joint~~
 22 ~~Committee on Appropriations and Revenue within 30 days of the date of the transfer.}]~~
 23 Any General Fund undesignated balance in excess of the amount designated for budgeted
 24 purposes~~] and the amount transferred to the Budget Reserve Trust Fund Account (KRS~~
 25 ~~48.705)]~~ under this subsection shall be made available for the General Fund Surplus
 26 Expenditure Plan contained in Part VII of this Act unless otherwise provided in this Act.
 27 The Road Fund undesignated balance in excess of the amount designated for budgeted

1 purposes under this subsection shall be made available for the Road Fund Surplus
2 Expenditure Plan contained in Part IX of this Act unless otherwise provided in this Act.

3 **26. Next Generation Kentucky Information Highway Fund:** The Next
4 Generation Kentucky Information Highway Fund is established within the Finance and
5 Administration Cabinet. All funds appropriated for network connections and services
6 within the Executive Branch shall be deposited within the Fund and used to support the
7 financing and operations of the capital project in Part II, F., 1., 001. of this Act. Upon
8 approval of the Kentucky Board of Education and the Council on Postsecondary
9 Education, the Secretary of the Finance and Administration Cabinet may utilize funds
10 appropriated to the Department of Education and the Council on Postsecondary Education
11 for network connections and services necessary to support the financing and operations of
12 the capital project in Part II, F., 1., 001. of this Act. Some or all of those funds shall be
13 deposited within the Next Generation Kentucky Information Highway Fund.

14 **27. Budget Implementation:** The General Assembly directs that the Executive
15 Branch shall carry out all appropriations and budgetary language provisions as contained
16 in the State/Executive Budget. The Legislative Research Commission shall review
17 quarterly expenditure data to determine if an agency is out of compliance with this
18 directive. If the Legislative Research Commission suspects that any entity has acted in
19 non-conformity with this section, the Legislative Research Commission may order an
20 audit or review at the agency's expense. Such audit findings, reviews, and reports shall be
21 subject to the Kentucky Open Records law.

22 **28. Information Technology:** All authorized computer information technology
23 projects shall submit a semiannual progress report to the Interim Joint Committee on
24 Appropriations and Revenue. The reporting process shall begin six months after the
25 project is authorized and shall continue through completion of the project. The initial
26 report shall establish a timeline for completion and cash disbursement schedule. Each
27 subsequent report shall update the timeline and budgetary status of the project and explain

1 in detail any issues with completion date and funding.

2 ~~{29. Lottery Dividends: In fiscal year 2014-2015, excluding the funds transfer~~
3 ~~amount in Part V, F., 4. of this Act, any lottery proceeds in excess of \$238,000,000~~
4 ~~received by the Commonwealth, except unclaimed prize money pursuant to KRS~~
5 ~~154A.110(3), shall be deposited in the Budget Reserve Trust Fund Account (KRS~~
6 ~~48.705). In fiscal year 2015-2016, any lottery proceeds in excess of \$251,500,000~~
7 ~~received by the Commonwealth, except unclaimed prize money pursuant to KRS~~
8 ~~154A.110(3), shall be deposited in the Budget Reserve Trust Fund Account (KRS~~
9 ~~48.705).]~~

10 ~~{30. Executive Branch Budget Recommendation: The Executive Branch budget~~
11 ~~recommendation submitted pursuant to KRS 48.110(6) for the 2016-2018 fiscal biennium~~
12 ~~shall contain, for all budget units not including the budget units within the Transportation~~
13 ~~Cabinet, total Road Fund appropriations not exceeding six and one-half percent of the~~
14 ~~official revenue estimate made by the Consensus Forecasting Group for the Road Fund~~
15 ~~for each fiscal year, or \$101,500,000 in each year, whichever is the lesser amount. All~~
16 ~~other Road Fund appropriations shall be contained in the Transportation Cabinet budget~~
17 ~~recommendation submitted pursuant to KRS 48.110(6)(f).]~~

18 **31. Civil War Reenactors:** Notwithstanding KRS 38.440, Civil War reenactors
19 may associate, drill, and parade with firearms and/or swords without permission from the
20 Governor before, during, and after Civil War reenactments and events.

21 **32. Equipment Service Contracts and Energy Efficiency Measures:** The
22 General Assembly mandates that the Finance and Administration Cabinet review all
23 equipment service contracts to maximize savings to the Commonwealth to strictly adhere
24 to the provisions of KRS 56.722, 56.782, and 56.784 in maximizing the use of energy
25 efficiency measures.

26 **33. Kentucky Wine and Vine Fest:** The Kentucky Wine and Vine Fest of
27 Nicholasville, Kentucky, is named and designated as the official state wine festival.

1 **34. Debt Restructuring:** Notwithstanding any other provision of the Kentucky
2 Revised Statutes, no General Fund or Road Fund debt restructuring transactions shall be
3 undertaken during the 2014-2016 fiscal biennium.

4 ~~{35. Language Provisions: Any language provision in this Act that expresses~~
5 ~~legislative intent regarding a specific appropriation shall be expended only for the~~
6 ~~purposes outlined in that language provision. Any funds not expended for that specific~~
7 ~~purpose shall be transferred to the Budget Reserve Trust Fund Account (KRS 48.705) by~~
8 ~~June 30 of each fiscal year.}~~

9 **36. Fiscal Year 2015-2016 Funds Expenditure Restriction:** Except in the case
10 of a declared emergency, the Governor, all agency heads, and all other constitutional
11 officers shall not expend or encumber in the aggregate more that 55 percent of the funds
12 appropriated by this Act during the first half of fiscal year 2015-2016.

13 **37. Unexpended Debt Service:** Notwithstanding KRS 48.720, any General Fund
14 moneys appropriated for debt service in fiscal years 2014-2015 and 2015-2016 that are
15 not expended specifically for debt service shall be transferred to the Budget Reserve Trust
16 Fund Account (KRS 48.705).

17 **38. Affordable Care Act:** The Governor of Kentucky, through the promulgation
18 of administrative regulations and executive orders, has implemented the provisions of the
19 Affordable Care Act (ACA) in the Commonwealth. Subsequent to these Executive
20 Branch actions, no executive order related to the ACA has been codified by the General
21 Assembly, nor has any administrative regulation related to the ACA been approved by a
22 vote of the majority of the members of a legislative committee. Providing that the
23 Governor continues unilateral implementation and operation of the ACA in the
24 Commonwealth, the General Assembly shall limit the ACA's impact on the 2014-2016
25 State/Executive Branch Budget and future biennial budgets so as not to bind future
26 General Assemblies. Therefore, no provision within this Act shall be deemed, adjudged,
27 or constructed as being a recognition, finding, or admission of the General Assembly's

1 approval of the operation of the ACA in Kentucky.

2 **39. Health Benefit Exchange:** The appropriations contained within this Act are
3 for the sole purpose of the operations of the Executive Branch of government. There are
4 no General Fund appropriations for the Affordable Care Act, and specifically, no General
5 Fund dollars are appropriated for any expenditure in operating or maintaining the Health
6 Benefit Exchange. The Governor is expressly prohibited from expending any General
7 Fund resources on any expenditure directly or indirectly associated with the Health
8 Benefit Exchange.

9 **40. Medicaid Funding:** Notwithstanding any statute or regulation to the contrary,
10 if the Medicaid funding schedule for newly eligible individuals provided in 42 U.S.C. sec.
11 1396d(y)(1) as it existed on January 1, 2014, is modified to require any increased state
12 funding, all Medicaid services and eligibility standards for those services shall return to
13 the levels of service and eligibility standards in effect on January 1, 2013.

14 **41. Affordable Care Act - Use of Funds:** The General Assembly recognizes that
15 the Kentucky Revised Statutes provide certain discretion to the Governor to make
16 application for, and expend federal funding for, Kentucky's Medicaid Program. As the
17 only body in the Commonwealth with the constitutional power to make appropriations,
18 the General Assembly recognizes that federal funding for the expansion of Kentucky's
19 Medicaid Program is not recurring in nature; therefore, the intent of the General
20 Assembly is that funds received from the Affordable Care Act, or its successor, shall not
21 be used to permanently expand existing programs, permanently create new programs, or
22 in any way increase the requirements to be placed on the General Fund or Road Fund
23 above the adjusted appropriation level as of June 30, 2014.

24 **42. Effects of Subsequent Legislation:** If any measure enacted during the 2014
25 Regular Session of the General Assembly subsequent to this Act contains an
26 appropriation or is projected to increase or decrease General Fund revenues, the amount
27 in the Budget Reserve Trust Fund shall be revised to accommodate the appropriation or

1 the reduction or increase in projected revenues. Notwithstanding any provision of KRS
 2 48.120(4) and (5) to the contrary, the official enacted revenue estimates of the
 3 Commonwealth described in KRS 48.120(5) shall be adjusted at the conclusion of the
 4 2014 Regular Session of the General Assembly to incorporate any projected revenue
 5 increases or decreases that will occur as a result of actions taken by the General Assembly
 6 subsequent to the passage of this Act by both chambers.

7 **43. Appropriation of Budget Reserve Trust Fund:** Pursuant to KRS 48.705,
 8 \$12,043,400 in fiscal year 2015-2016 from the Budget Reserve Trust Fund is available to
 9 be appropriated by the General Assembly in this Act.

10 **44. Debt Service Template Interest Rates:** Appropriated amounts for debt
 11 service for new debt and currently authorized but unissued debt assume a five percent
 12 tax-exempt interest rate and a six percent taxable interest rate for 20 years and a four and
 13 one-half percent tax-exempt interest rate and a four and one-half percent taxable interest
 14 rate for ten years. This language provision shall not apply in cases in which the debt
 15 service amount for a project is not calculated using the template provided by the Finance
 16 and Administration Cabinet's Office of Financial Management, or the debt service
 17 amount is based on specific terms or interest rates.

18 **PART IV**

19 **STATE SALARY/COMPENSATION, BENEFIT, AND EMPLOYMENT POLICY**

20 **1. Authorized Personnel Complement:** On July 1, 2014, the Personnel Cabinet
 21 and the Office of State Budget Director shall establish a record for each budget unit of
 22 authorized permanent full-time and other positions based upon the enacted Executive
 23 Budget of the Commonwealth and any adjustments authorized by provisions in this Act.
 24 The total number of filled permanent full-time and all other positions shall not exceed the
 25 authorized complements pursuant to this section. An agency head may request an increase
 26 in the number of authorized positions to the State Budget Director. Upon approval, the
 27 Secretary of the Personnel Cabinet may authorize the employment of individuals in

1 addition to the authorized complement. A report of the actions authorized in this section
 2 shall be provided to the Interim Joint Committee on Appropriations and Revenue on a
 3 monthly basis.

4 **2. Salary Adjustments:** Notwithstanding KRS 18A.355 and KRS 156.808(6)(e)
 5 and (12), a salary adjustment amounting to a percentage value on the base salary or wages
 6 of each eligible full-time and part-time employee on his or her anniversary date is
 7 provided in fiscal year 2014-2015. The amount of salary adjustment is determined by
 8 each eligible employee's annual base salary or wages on his or her anniversary date, and
 9 the following table reflects the percentage of the salary adjustment for fiscal year 2014-
 10 2015:

Annual Base Salary or Wages	2014-15
\$0 to \$27,000.00	5%
\$27,000.01 to \$36,000.00	3%
\$36,000.01 to \$50,000.00	2%
\$50,000.01 and above	1%

16 In fiscal year 2015-2016, a cost-of-living adjustment of one percent is provided on
 17 the base salary or wages of each state employee on his or her anniversary date.

18 **3. Monthly Per Employee Health Insurance Benefits Assessment:** The
 19 Personnel Cabinet shall collect a benefits assessment per month per employee eligible for
 20 health insurance coverage in the state group for duly authorized use by the Personnel
 21 Cabinet in administering its statutory and administrative responsibilities, including but
 22 not limited to administration of the Commonwealth's health insurance program.

23 **4. Employee Cross-Reference:** The Personnel Cabinet may permit married
 24 couples who are both eligible to participate in the state health insurance plan to be
 25 covered under one family health benefit plan.

26 **5. State Group Health Insurance Plan – Plan Year Closure:** Notwithstanding
 27 KRS 18A.2254, Plan Years 2010 and 2011 shall be considered closed as of December 31,

1 2013, and all balances from those plan years shall be transferred to Plan Year 2012. All
2 other income and expenses attributable to the closed plan years shall be deposited in or
3 charged to the Plan Year 2012 account after that date. This section shall apply
4 retroactively to December 31, 2013, and any action to the contrary shall be considered
5 null and void.

6 **6. Full-Time Positions:** Notwithstanding KRS 18A.005(18)(a), full-time
7 positions in the state parks, where the work assigned is dependent upon fluctuation in
8 tourism, may be assigned work hours from 25 hours per week and remain in full-time
9 positions.

10 **7. Employer Retirement Contribution Rates:** Pursuant to KRS 61.565 and
11 61.702, the employer contribution rates for Kentucky Employees Retirement Systems
12 from July 1, 2014, through June 30, 2016, shall be 38.77 percent, consisting of 30.84
13 percent for pension and 7.93 percent for insurance for nonhazardous duty employees and
14 26.34 percent, consisting of 16.37 percent for pension and 9.97 percent for insurance for
15 hazardous duty employees; for the same period the employer contribution for employees
16 of the State Police Retirement System shall be 75.76 percent, consisting of 53.90 percent
17 for pension and 21.86 percent for insurance. The rates above apply to wages and salaries
18 earned for work performed during the described period regardless of when the employee
19 is paid for the time worked.

20 **8. Issuance of Paychecks to State Employees:** Notwithstanding 101 KAR
21 2:095, Section 10, the state payroll that would normally be scheduled to be paid on June
22 30, 2015, and June 30, 2016, shall not be issued prior to July 1, 2015, and July 1, 2016.

23 **9. Health Care Spending Account:** Notwithstanding KRS 18A.2254(2)(a) and
24 (b), if a public employee waives coverage provided by his or her employer under the
25 Public Employee Health Insurance Program, the employer shall forward a monthly
26 amount to be determined by the Secretary of the Personnel Cabinet for that employee as
27 an employer contribution to a health reimbursement account or a health flexible spending

1 account, but not less than one hundred seventy-five dollars (\$175) per month, subject to
 2 any conditions or limitations imposed by the Secretary of the Personnel Cabinet to
 3 comply with applicable federal law. The administrative fees associated with a health
 4 reimbursement account or health flexible spending account shall be an authorized
 5 expense to be charged to the Public Employee Health Insurance Trust Fund.

6 **PART V**

7 **FUNDS TRANSFER**

8 The General Assembly finds that the financial condition of state government
 9 requires the following action.

10 Notwithstanding the statutes or requirements of the Restricted Funds enumerated
 11 below, there is transferred to the General Fund the following amounts in fiscal year 2014-
 12 2015 and fiscal year 2015-2016:

	2013-14	2014-15	2015-16
A. GENERAL GOVERNMENT			
1. Kentucky Infrastructure Authority			
Agency Revenue Fund	-0-	615,200	-0-
2. Military Affairs			
Agency Revenue Fund	-0-	1,500,000	-0-
3. Military Affairs			
Other Special Revenue Fund	-0-	450,000	-0-
(KRS 39E.050(3))			
4. Department for Local Government			
Other Special Revenue Fund	-0-	110,800	-0-
5. Secretary of State			
Agency Revenue Fund	-0-	1,300,000	1,300,000
6. Accountancy			
Agency Revenue Fund	-0-	150,000	100,000

1	(KRS 325.250)			
2	7. Auctioneers			
3	Recovery Fund	-0-	-0-	50,000
4	(KRS 330.192)			
5	8. Chiropractic Examiners			
6	Agency Revenue Fund	-0-	50,000	-0-
7	9. Licensure for Professional Engineers and Land			
8	Surveyors			
9	Agency Revenue Fund	-0-	50,000	-0-
10	(KRS 322.420)			
11	10. Hairdressers and Cosmetologists			
12	Agency Revenue Fund	-0-	100,000	100,000
13	(KRS 317A.080(2))			
14	11. Medical Licensure			
15	Agency Revenue Fund	-0-	250,000	250,000
16	(KRS 311.610)			
17	12. Licensure for Occupational Therapy			
18	Agency Revenue Fund	-0-	50,000	-0-
19	13. Pharmacy			
20	Agency Revenue Fund	-0-	100,000	100,000
21	(KRS 315.195)			
22	14. Physical Therapy			
23	Agency Revenue Fund	-0-	50,000	50,000
24	(KRS 327.080(1))			
25	15. Real Estate Appraisers			
26	Agency Revenue Fund	-0-	50,000	50,000
27	16. Real Estate Commission			

1	Recovery Fund	-0-	100,000	50,000
2	(KRS 324.410)			

3 **17. Social Work**

4	Agency Revenue Fund	-0-	50,000	-0-
5	(KRS 335.140)			

6 **B. ECONOMIC DEVELOPMENT CABINET**

7 **1. Economic Development**

8	Other Special Revenue Fund	-0-	435,000	435,000
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9 Balances remaining in the Special Revenue Fund accounts after all appropriations
10 authorized in this Act shall lapse to the General Fund Surplus Account at the end of each
11 fiscal year.

12 **C. DEPARTMENT OF EDUCATION**

13 **1. Operations and Support Services**

14	Agency Revenue Fund	-0-	250,000	-0-
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15 **2. Operations and Support Services**

16	Other Special Revenue Fund	-0-	150,000	-0-
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17 **D. EDUCATION AND WORKFORCE DEVELOPMENT CABINET**

18 **1. Direct Local Aid**

19	Agency Revenue Fund	-0-	300,000	-0-
20	(KRS 142.010(5))			

21 **2. Education Professional Standards Board**

22	Agency Revenue Fund	-0-	600,000	-0-
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23 **E. ENERGY AND ENVIRONMENT CABINET**

24 **1. Secretary**

25 Kentucky Heritage Land

26	Conservation Fund	-0-	5,000,000	3,000,000
27	(KRS 146.570)			

1	2. Secretary			
2	Kentucky Pride Trust Fund	-0-	2,006,300	2,006,300
3	Pursuant to KRS 224.43-505(2)(a)3., these funds transfers to the General Fund support			
4	the General Fund debt service on the bonds sold as appropriated by 2003 Ky. Acts ch.			
5	156, Part II, A., 3., c.			
6	3. Environmental Protection			
7	Insurance Administration Fund	-0-	7,477,000	7,723,000
8	(KRS 224.60-130, 224.60-140, and 224.60-145)			
9	4. Natural Resources			
10	Equipment Loans Revolving Loan			
11	Fund	-0-	1,125,000	-0-
12	(KRS 262.640)			
13	5. Environmental Quality Commission			
14	Agency Revenue Fund	-0-	288,100	293,200
15	(KRS 224.01-100 to 224.01-115)			
16	6. Public Service Commission			
17	Telecommunication Relay Service			
18	Fund	-0-	2,400,000	-0-
19	(KRS 278.5499)			
20	F. FINANCE AND ADMINISTRATION CABINET			
21	1. General Administration			
22	Agency Revenue Fund	-0-	-0-	1,000,000
23	2. General Administration			
24	Other Special Revenue Fund	-0-	1,247,900	2,495,700
25	3. Revenue			
26	Agency Revenue Fund	-0-	6,000,000	-0-
27	(KRS 132.672(1) and 134.552(2))			

1 **4. Kentucky Lottery Corporation**

2	Kentucky Lottery Corporation	-0-	11,000,000	-0-
3	(KRS 154A.130 (3) and (4))			

4 Notwithstanding KRS 154A.130 (3) and (4), the funds transfer included above shall be
5 deposited to the credit of the General Fund. The funds transfer shall be transferred from
6 the net unrestricted reserves held by the Kentucky Lottery Corporation, as identified in
7 the Kentucky Lottery Annual Financial Report, June 30, 2013.

8 **G. HEALTH AND FAMILY SERVICES CABINET**

9 **1. General Administration and Program Support**

10	Malt Beverage Education Fund	-0-	500,000	500,000
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11 **2. Health Benefit Exchange**

12	Trust Fund	3,100,000	-0-	-0-
13	(KRS 304.17B-021(10))			

14 **H. JUSTICE AND PUBLIC SAFETY CABINET**

15 **1. Criminal Justice Training**

16	Agency Revenue Fund	-0-	10,530,000	11,000,000
17	(KRS 15.430 and 136.392(2))			

18 **2. Criminal Justice Training**

19	Agency Revenue Fund	-0-	3,000,000	-0-
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20 **3. Juvenile Justice**

21	Agency Revenue Fund	-0-	3,000,000	-0-
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22 **I. PERSONNEL CABINET**

23 **1. General Operations**

24	Agency Revenue Fund	-0-	2,692,400	2,688,900
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25 These fund transfers to the General Fund support General Fund debt service on bonds
26 sold for the new Personnel/Payroll system.

27 **2. Workers' Compensation Benefits and Reserve**

1	Agency Revenue Fund	-0-	2,000,000	-0-
2	(KRS 18A.375(3))			

3 **3. Public Employee Health Trust Fund**

4	Enterprise Fund	-0-	93,000,000	-0-
5	(KRS 18A.2254(3))			

6 This fund transfer to the General Fund partially supports the salary increases for Local
7 School District Certified and Classified employees as recommended in Part I, C., 1., (3)
8 of this Act and for full-time and part-time employees of the Executive Branch as set out
9 in Part IV, 3. of this Act.

10 **J. POSTSECONDARY EDUCATION**

11 **1. Council on Postsecondary Education**

12	Agency Revenue Fund	-0-	500,000	-0-
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13 **2. Kentucky Higher Education Assistance Authority**

14	Other Special Revenue Fund	-0-	200,000	200,000
15	(KRS 164.7891(11))			

16 **3. Kentucky Community and Technical College System**

18	Agency Revenue Fund	-0-	10,000,000	5,000,000
19	(KRS 95A.220, 95A.262, and 136.392(2))			

20 **4. Kentucky Community and Technical College System**

22	Other Special Revenue Fund	-0-	8,000,000	-0-
23	(KRS 95A.262(14))			

24 **K. PUBLIC PROTECTION CABINET**

25 **1. Alcoholic Beverage Control**

26	Agency Revenue Fund	-0-	700,000	700,000
27	(KRS 243.025(3))			

1	2. Financial Institutions			
2	Agency Revenue Fund	-0-	6,500,000	6,000,000
3	(KRS 286.01-485)			
4	3. Horse Racing Commission			
5	Agency Revenue Fund	-0-	1,000,000	-0-
6	(KRS 138.510 and 230.265)			
7	4. Insurance			
8	Agency Revenue Fund	-0-	23,250,000	21,750,000
9	(KRS 304.2-300(1) and (4), 304.2-400, and 304.2-440(4))			
10	L. TOURISM, ARTS AND HERITAGE CABINET			
11	1. Secretary			
12	Agency Revenue Fund	-0-	6,000,000	3,000,000
13	(KRS 142.406(2) and (3))			
14	2. Arts Council			
15	Agency Revenue Fund	-0-	600,000	-0-
16	(KRS 153.220(8))			
17	TOTAL - FUNDS TRANSFER	3,100,000	214,727,700	69,842,100

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 \$9,801,299,200 in fiscal year 2014-2015 and \$10,067,223,600 in fiscal year 2015-2016, as determined by KRS 48.120 and modified by related Acts and actions of the General Assembly in an extraordinary or regular session. 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

1 specific plan to address a proportionate share of the General Fund revenue shortfall
2 applicable to the respective branch. No budget revision action shall be taken by a branch
3 head in excess of the actual or projected revenue shortfall.

4 The Governor, the Chief Justice, and the Legislative Research Commission shall
5 direct and implement reductions in allotments and appropriations only for their respective
6 branch budget units as may be necessary, as well as take other measures which shall be
7 consistent with the provisions of this Part and general branch budget bills.

8 Notwithstanding KRS 48.130(4)(a) and (b), in the event of a revenue shortfall of
9 five percent or less, General Fund budget reduction actions shall be implemented in the
10 following sequence:

11 (1) The Local Government Economic Assistance and the Local Government
12 Economic Development Funds shall be adjusted by the Secretary of the Finance and
13 Administration Cabinet to equal revised estimates of receipts pursuant to KRS 42.4582 as
14 modified by the provisions of this Act;

15 (2) Transfers of excess unappropriated Restricted Funds, notwithstanding any
16 statutes to the contrary, other than fiduciary funds, to the General Fund shall be applied as
17 determined by the head of each branch for its respective budget units. No transfers to the
18 General Fund shall be made from the following:

19 (a) Local Government Economic Assistance and Local Government Economic
20 Development Funds;

21 (b) Unexpended debt service from the Tobacco-Settlement Phase I Funds in either
22 fiscal year;

23 (c) Tobacco Unbudgeted Interest Income-Rural Development Trust Fund; and

24 (d) Multi-County Coal Severance Fund;

25 (3) Any unanticipated Phase I Master Settlement Agreement revenues in both
26 fiscal years shall be appropriated according to KRS 248.654;

27 (4) Use of the unappropriated balance of the General Fund surplus shall be

1 applied;

2 ~~[(5) Any language provision that expresses legislative intent regarding a specific~~
 3 ~~appropriation shall not be reduced by a greater percentage than the reduction to the~~
 4 ~~General Fund appropriation for that budget unit;]~~

5 (6) Reduce General Fund appropriations in Executive Branch agencies' operating
 6 budget units by a sufficient amount to balance either fiscal year. No reductions of General
 7 Fund appropriations shall be made from the Local Government Economic Assistance
 8 Fund or the Local Government Economic Development Fund;

9 ~~[(7) Notwithstanding subsection (10) of this Part, no reductions shall be made to~~
 10 ~~the Constitutional Officers or their offices, Commonwealth's Attorneys or their offices, or~~
 11 ~~County Attorneys or their offices. The Governor may request their participation in a~~
 12 ~~budget reduction; however, the level of participation shall be at the discretion of the~~
 13 ~~Constitutional Officer, or the Prosecutors Advisory Council;]~~

14 (8) Excess General Fund appropriations which accrue as a result of personnel
 15 vacancies and turnover, and reduced requirements for operating expenses, grants, and
 16 capital outlay shall be determined and applied by the heads of the executive, judicial, and
 17 legislative departments of state government for their respective branches. The branch
 18 heads shall certify the available amounts which shall be applied to budget units within the
 19 respective branches and shall promptly transmit the certification to the Secretary of the
 20 Finance and Administration Cabinet and the Legislative Research Commission. The
 21 Secretary of the Finance and Administration Cabinet shall execute the certified actions as
 22 transmitted by the branch heads.

23 Branch heads shall take care, by their respective actions, to protect, preserve, and
 24 advance the fundamental health, safety, legal and social welfare, and educational well-
 25 being of the citizens of the Commonwealth;

26 (9) Funds available in the Budget Reserve Trust Fund shall be applied in an
 27 amount not to exceed 25 percent of the Trust Fund balance in fiscal year 2014-2015 and

1 50 percent in fiscal year 2015-2016; and

2 (10) Pursuant to KRS 48.130 and 48.600, if the actions contained in subsections
3 (1) to (5) of this Part are insufficient to eliminate an actual or projected General Fund
4 revenue shortfall, then the Governor is empowered and directed to take necessary actions
5 with respect to the Executive Branch budget units to balance the budget by such actions
6 conforming with the criteria expressed in this Part.

7 **PART VII**

8 **GENERAL FUND SURPLUS EXPENDITURE PLAN**

9 (1) Notwithstanding KRS 48.130(7), 48.140(3), 48.700, and 48.705, there is
10 established a plan for the expenditure of General Fund surplus moneys pursuant to a
11 General Fund Surplus Expenditure Plan contained in this Part for fiscal years 2014-2015
12 and 2015-2016. Pursuant to the enactment of the Surplus Expenditure Plan, General Fund
13 moneys made available for the General Fund Surplus Expenditure Plan pursuant to Part
14 III, General Provisions, Section 25, of this Act are appropriated to the following:

15 (a) Authorized expenditures without a sum-specific appropriation amount, known
16 as Necessary Government Expenses, including but not limited to Emergency Orders
17 formally declared by the Governor in an Executive Order subject to the following
18 limitation: General Fund moneys made available for the General Fund Surplus
19 Expenditure Plan in fiscal year 2015-2016 shall not be reserved for Necessary
20 Government Expenses in fiscal year 2016-2017; and

21 (b) Increased support to the Budget Reserve Trust Fund.

22 (2) The Secretary of the Finance and Administration Cabinet shall determine,
23 within 30 days after the close of fiscal year 2013-2014, and the close of fiscal year 2014-
24 2015, based on the official financial records of the Commonwealth, the amount of actual
25 General Fund undesignated fund balance for the General Fund Surplus Account that may
26 be available for expenditure pursuant to the Plan respectively in fiscal year 2014-2015
27 and fiscal year 2015-2016. The Secretary of the Finance and Administration Cabinet shall

1 certify the amount of actual General Fund undesignated fund balance available for
2 expenditure to the Legislative Research Commission.

3 **PART VIII**

4 **ROAD FUND BUDGET REDUCTION PLAN**

5 There is established a Road Fund Budget Reduction Plan for fiscal year 2014-2015
6 and fiscal year 2015-2016. Pursuant to KRS 48.130, in the event of an actual or projected
7 revenue shortfall in Road Fund revenue receipts of \$1,593,200,000 in fiscal year 2014-
8 2015 and \$1,619,200,000 in fiscal year 2015-2016 as determined by KRS 48.120 and
9 modified by related Acts and actions of the General Assembly in an extraordinary or
10 regular session, the Governor shall implement sufficient reductions as may be required to
11 protect the highest possible level of service.

12 **PART IX**

13 **ROAD FUND SURPLUS EXPENDITURE PLAN**

14 Notwithstanding KRS 48.110, 48.140, and 48.710, there is established a plan for the
15 expenditure of the Road Fund Surplus Account. All moneys in the Road Fund Surplus
16 Account shall be appropriated in the State Construction Account within the Highways
17 budget unit and utilized to support projects in the fiscal biennium 2014-2016 Biennial
18 Highway Construction Program.

19 **PART X**

20 **PHASE I TOBACCO SETTLEMENT**

21 **(1) General Purpose:** This Part prescribes the policy implementing aspects of the
22 national settlement agreement between the tobacco industry and the collective states as
23 described in KRS 248.701 to 248.727. In furtherance of that agreement, the General
24 Assembly recognizes that the Commonwealth of Kentucky is a party to the Phase I
25 Master Settlement Agreement (MSA) between the Participating Tobacco Manufacturers
26 and 46 Settling States which provides reimbursement to states for smoking-related
27 expenditures made over time.

1 **(2) State's MSA Share:** The Commonwealth's share of the MSA is equal to
2 1.7611586 percent of the total settlement amount. Payments under the MSA are made to
3 the states annually in April of each year.

4 **(3) MSA Payment Amount Variables:** The total settlement amount to be
5 distributed each payment date is subject to change pursuant to several variables provided
6 in the MSA, including inflation adjustments, volume adjustments, previously settled
7 states adjustments, and the nonparticipating manufacturers adjustment.

8 **(4) Distinct Identity of MSA Payment Deposits:** The General Assembly has
9 determined that it shall be the policy of the Commonwealth that all Phase I Tobacco
10 Settlement payments shall be deposited to the credit of the General Fund and shall
11 maintain a distinct identity as Phase I Tobacco Settlement payments that shall not lapse to
12 the credit of the General Fund surplus but shall continue forward from each fiscal year to
13 the next fiscal year to the extent that any balance is unexpended.

14 **(5) MSA Payment Estimates and Adjustments:** Based on the current estimates
15 as reviewed by the Consensus Forecasting Group, the amount of MSA payments expected
16 to be received in fiscal year 2014-2015 is \$99,700,000 and in fiscal year 2015-2016 is
17 \$72,400,000. It is recognized that payments to be received by the Commonwealth are
18 estimated and are subject to change. Any appropriations made from the estimated receipts
19 are subject to adjustments based on actual receipts as received and certified by the
20 Secretary of the Finance and Administration Cabinet.

21 **a. State Enforcement:** Notwithstanding KRS 248.654, a total of \$250,000 of
22 the MSA payments received in each fiscal year is appropriated to the Finance and
23 Administration Cabinet, Department of Revenue for the state's enforcement of
24 noncompliant nonparticipating manufacturers.

25 **b. Debt Service:** Notwithstanding KRS 248.654 and 248.703(4), a total of
26 \$30,570,000 in MSA payments received in fiscal year 2014-2015 and a total of
27 \$30,657,000 in MSA payments received in fiscal year 2015-2016 is appropriated to the

1 Finance and Administration Cabinet, Debt Service budget unit.

2 **c. Agricultural Development Initiatives:** Notwithstanding KRS 248.654 and
3 248.703(4), \$37,701,600 in fiscal year 2014-2015 and \$12,821,200 in fiscal year 2015-
4 2016 is appropriated to the Kentucky Agricultural Development Fund to be used for
5 agricultural development initiatives.

6 **d. Early Childhood Development Initiatives:** Twenty-five percent of the MSA
7 payments, less the above enforcement appropriations, received in fiscal year 2014-2015,
8 estimated to be \$24,198,900, and notwithstanding KRS 248.654, in fiscal year 2015-
9 2016, \$24,198,900 is appropriated for early childhood development initiatives as
10 specified in this Part.

11 **e. Health Care Initiatives:** Notwithstanding KRS 248.654, \$9,159,000 in fiscal
12 year 2014-2015 and \$6,652,400 in fiscal year 2015-2016 is appropriated to the Health
13 Care Improvement Fund for health care initiatives as specified in this Part.

14 **(6) MSA Appropriation Adjustments:** Excluding any amounts received under
15 Part X, (9), Nonparticipating Manufacturer Settlement Proceeds, if Phase I Master
16 Settlement Agreement revenues exceed \$99,700,000 in fiscal year 2014-2015, or
17 \$72,400,000 in fiscal year 2015-2016, these unanticipated revenues are hereby
18 appropriated as follows: 50 percent to the Agricultural Development Fund, 25 percent to
19 the Early Childhood Development Fund, and 25 percent to the Health Care Improvement
20 Fund.

21 **(7) MSA Appropriation Adjustment - Fiscal Year 2013-2014:** The Consensus
22 Forecasting Group reduced the fiscal year 2013-2014 Phase I Master Settlement
23 Agreement revenue forecast by 50 percent from the enacted estimate of \$90,800,000 to
24 \$45,400,000. The reduction in the MSA revenue estimate was based on the expectation
25 that a nonparticipating manufacturer adjustment would be applied to the annual MSA
26 payment in fiscal year 2013-2014. To accommodate this reduction in estimated revenues,
27 the following fiscal year 2013-2014 appropriations and continuing appropriations are

1 hereby reduced:

2 **a. Agricultural Development:** General Government - Governor's Office of
3 Agricultural Policy, \$14,379,300 in fiscal year 2013-2014; Energy and Environment
4 Cabinet - Natural Resources, \$2,938,600 (\$2,500,000 in fiscal year 2013-2014 and
5 \$438,600, continuing appropriation); and Finance and Administration Cabinet - Debt
6 Service, \$5,806,300 in fiscal year 2013-2014.

7 **b. Early Childhood Development:** General Government - Governor's Office:
8 \$2,101,800 (\$1,912,500 in fiscal year 2013-2014 and \$189,300, continuing
9 appropriation); Health and Family Services Cabinet - Community Based Services,
10 \$100,000 in fiscal year 2013-2014; Health and Family Services Cabinet - Public Health,
11 \$3,682,900 in fiscal year 2013-2014; Health and Family Services Cabinet - Behavioral
12 Health, Developmental and Intellectual Disabilities, \$75,600 in fiscal year 2013-2014;
13 and Council on Postsecondary Education - Kentucky Higher Education Assistance
14 Authority, \$301,000 in fiscal year 2013-2014.

15 **c. Health Care Improvement:** Health and Family Services Cabinet - Public
16 Health - Smoking Cessation, \$839,400 in fiscal year 2013-2014; Justice and Public Safety
17 Cabinet - Justice Administration, \$47,100 in fiscal year 2013-2014; Health and Family
18 Services Cabinet - Health Benefit Exchange - Kentucky Access, \$14,657,300 in fiscal
19 year 2013-2014; and Postsecondary Education - Council on Postsecondary Education,
20 \$442,000 in fiscal year 2013-2014.

21 **(8) Kentucky Access:** To accommodate the fiscal year 2013-2014 budget
22 reduction associated with Kentucky Access, the Cabinet for Health and Family Services
23 may use surplus, unexpended, or continuing appropriations from any source, excluding
24 General Fund (Tobacco) dollars, within the Cabinet to fund the Kentucky Access
25 program in fiscal year 2013-2014.

26 **(9) Nonparticipating Manufacturer Settlement Proceeds:** Notwithstanding
27 KRS 248.654, in the event a settlement is reached between the Commonwealth and the

1 participating manufacturers regarding the nonparticipating manufacturer adjustment issue,
 2 any settlement proceeds shall be deposited into the Tobacco Settlement Agreement Fund
 3 and shall not be expended without appropriation authority granted by the General
 4 Assembly.

5 **(10) Fiscal Year 2013-2014 County Accounts:** Due to the budget reduction
 6 actions specified in Part X, (7), (a), the Governor’s Office of Agricultural Policy shall
 7 transfer \$6,000,000 in continuing appropriations to the county accounts in fiscal year
 8 2013-2014.

9 **A. STATE ENFORCEMENT**

10 **GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS**

11 **1. FINANCE AND ADMINISTRATION CABINET**

12 Budget Unit	2014-15	2015-16
13 a. Revenue	250,000	250,000

14 **B. DEBT SERVICE**

15 **GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS**

16 **1. FINANCE AND ADMINISTRATION CABINET**

17 Budget Unit	2014-15	2015-16
18 a. Debt Service	30,570,000	30,657,000

19 **(1) Debt Service:** To the extent that revenues sufficient to support the required
 20 debt service appropriations are received from the Tobacco Settlement Program, those
 21 revenues shall be made available from those accounts to the appropriate account of the
 22 General Fund. If revenues received from the Tobacco Settlement Program in fiscal year
 23 2013-2014 are insufficient to support the required debt service appropriations,
 24 notwithstanding 2012 Ky. Acts ch. 144, Part X., B., no more than \$5,751,000 of General
 25 Fund (Tobacco) moneys from the Governor's Office of Agricultural Policy shall be
 26 transferred to the Finance and Administration Cabinet, Debt Service budget unit to pay
 27 the necessary debt service. All necessary debt service amounts shall be appropriated from

1 the General Fund and shall be fully paid regardless of whether there is a sufficient amount
 2 available to be transferred from tobacco-supported funding program accounts to other
 3 accounts of the General Fund.

4 **(2) General Fund (Tobacco) Debt Service Lapse:** Notwithstanding Part X., (4),
 5 of this Act, \$2,179,500 in fiscal year 2014-2015 and \$2,179,500 in fiscal year 2015-2016
 6 shall lapse.

7 **C. AGRICULTURAL DEVELOPMENT APPROPRIATIONS**

8 **GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS**

9 **1. GENERAL GOVERNMENT**

10 Budget Units	2014-15	2015-16
11 a. Governor's Office of Agricultural Policy	31,101,600	12,221,200

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

16 **(2) Agricultural Development Appropriations:** Notwithstanding KRS
 17 248.703(1), included in the above General Fund (Tobacco) appropriation is \$19,350,000
 18 in fiscal year 2014-2015 and \$9,850,000 in fiscal year 2015-2016, for the counties
 19 account as specified in KRS 248.703(1)(a).

20 b. Agriculture	600,000	600,000
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21 **(1) Farms to Food Banks:** Included in the above General Fund (Tobacco)
 22 appropriation is \$600,000 in each fiscal year to support the Farms to Food Banks program
 23 to benefit both Kentucky farmers and the needy by providing fresh, locally grown
 24 produce to food pantries.

25 **2. ENERGY AND ENVIRONMENT CABINET**

26 Budget Unit	2014-15	2015-16
27 a. Natural Resources	6,000,000	-0-

1 Services 891,400 891,400

2 **(1) Substance Abuse Prevention and Treatment:** Included in the above General
3 Fund (Tobacco) appropriation is \$891,400 in each fiscal year for substance abuse
4 prevention and treatment.

5 **3. POSTSECONDARY EDUCATION**

6 **Budget Unit** **2014-15** **2015-16**

7 a. Kentucky Higher Education Assistance

8 Authority 1,100,000 1,100,000

9 **(1) Early Childhood Scholarships:** Included in the above General Fund
10 (Tobacco) appropriation is \$1,100,000 in each fiscal year for Early Childhood
11 Scholarships.

12 TOTAL - EARLY CHILDHOOD APPROPRIATIONS 24,198,900 24,198,900

13 **E. HEALTH CARE IMPROVEMENT APPROPRIATIONS**

14 **GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS**

15 Notwithstanding KRS 304.17B-003(5), appropriations for health care improvement
16 shall be as follows:

17 **1. CABINET FOR HEALTH AND FAMILY SERVICES**

18 **Budget Unit** **2014-15** **2015-16**

19 a. Public Health 2,486,300 1,803,800

20 **(1) Smoking Cessation Program:** Included in the above General Fund (Tobacco)
21 appropriation is \$2,486,300 in fiscal year 2014-2015 and \$1,803,800 in fiscal year 2015-
22 2016 for the Smoking Cessation Program.

23 **2. JUSTICE AND PUBLIC SAFETY CABINET**

24 **Budget Unit** **2014-15** **2015-16**

25 a. Justice Administration 1,700,200 1,241,100

26 **(1) Office of Drug Control Policy:** Included in the above General Fund
27 (Tobacco) appropriation is \$1,700,200 in fiscal year 2014-2015 and \$1,241,100 in fiscal

1 year 2015-2016 for the Office of Drug Control Policy.

2 **3. POSTSECONDARY EDUCATION**

3 Budget Unit	2014-15	2015-16
4 a. Council on Postsecondary Education	4,972,500	3,607,500
5 (1) Ovarian Cancer Screening: Notwithstanding KRS 164.476, General Fund		
6 (Tobacco) moneys in the amount of \$775,000 in each fiscal year shall be allotted from the		
7 Lung Cancer Research Fund to the Ovarian Cancer Screening Outreach Program at the		
8 University of Kentucky.		
9 TOTAL - HEALTH CARE APPROPRIATIONS	9,159,000	6,652,400
10 TOTAL - PHASE I TOBACCO SETTLEMENT		
11 FUNDING PROGRAM	101,879,500	74,579,500

12 **PART XI**

13 **STATE/EXECUTIVE BRANCH BUDGET SUMMARY**

14 **OPERATING BUDGET**

15	2013-14	2014-15	2015-16
16 General Fund (Tobacco)	-0-	101,879,500	74,579,500
17 General Fund	32,884,900	9,643,517,900	9,857,513,500
18 Restricted Funds	58,893,300	7,080,979,600	7,245,308,400
19 Federal Funds	751,684,200	10,164,654,700	10,477,467,800
20 Road Fund	-0-	100,301,100	101,489,300
21 SUBTOTAL	843,462,400	27,091,332,800	27,756,358,500

22 **CAPITAL PROJECTS BUDGET**

23	2013-14	2014-15	2015-16
24 General Fund	-0-	5,776,000	-0-
25 Restricted Funds	-0-	3,668,648,000	86,959,000
26 Federal Funds	-0-	140,837,800	37,319,300
27 Bond Funds	-0-	697,705,200	45,068,000

1	Agency Bonds	-0-	721,275,000	-0-
2	Capital Construction Surplus	-0-	1,735,000	-0-
3	Investment Income	-0-	3,013,000	3,013,000
4	Other Funds	-0-	1,019,150,000	2,375,000
5	SUBTOTAL	-0-	6,258,140,000	174,734,300
6	TOTAL - STATE/EXECUTIVE BUDGET			
7		2013-14	2014-15	2015-16
8	General Fund (Tobacco)	-0-	101,879,500	74,579,500
9	General Fund	32,884,900	9,649,293,900	9,857,513,500
10	Restricted Funds	58,893,300	10,749,627,600	7,332,267,400
11	Federal Funds	751,684,200	10,305,492,500	10,514,787,100
12	Road Fund	-0-	100,301,100	101,489,300
13	Bond Funds	-0-	697,705,200	45,068,000
14	Agency Bonds	-0-	721,275,000	-0-
15	Capital Construction Surplus	-0-	1,735,000	-0-
16	Investment Income	-0-	3,013,000	3,013,000
17	Other Funds	-0-	1,019,150,000	2,375,000
18	TOTAL FUNDS	843,462,400	33,349,472,800	27,931,092,800

19 The above capital projects are directly funded in Part II, Capital Projects Budget, of
20 this Act. The above Budget Reserve Trust Fund is directly funded in Part III, General
21 Provisions, of this Act.



COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

RECEIVED AND FILED
DATE April 25, 2014
4:01pm
ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Adler

STEVEN L. BESHEAR
GOVERNOR

700 CAPITOL AVENUE
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FRANKFORT, KY 40601
(502) 564-2611
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VETO MESSAGE FROM THE
GOVERNOR OF THE COMMONWEALTH OF KENTUCKY
REGARDING HOUSE BILL 236 OF THE
2014 REGULAR SESSION

1. Aviation Economic Development Fund – Earmarks

I, Steven L. 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 3, lines 24 through 27, in their entirety.
Page 4, lines 1 through 8, in their entirety.

I am vetoing this part because there is a limited amount of funds in the Aviation Economic Development fund to provide for the development, rehabilitation, and maintenance of the 53 publicly owned or operated aviation facilities and for other aviation programs. Since its inception, these funds have been allocated for projects selected through a competitive application process, and these limited resources have been directed toward maintenance and safety related projects with an aim of keeping the 53 general aviation airports safe. The earmarking of \$3,000,000 for three projects in fiscal year 2014-2015 represents about half of the annual available funds for these types of projects. These three projects are worthy ones and still may be funded during the 2014-16 biennium through a process that considers them along with the other project applications submitted for allocations from the limited funding available.

2. Kentucky Pride Program – Highway Contingency Account

I, Steven L. 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 17, after “Account.”, delete the rest of the line.
Page 5, lines 18, in its entirety.
Page 5, line 19, delete “KRS 224.43-505.”

I am vetoing this part because it mandates a change in the statutory funding structure of the Kentucky Pride fund without suspending the statute. This provision mandates that all

\$5,000,000 in Road Fund support each fiscal year for the Kentucky Pride fund shall come from the Contingency Account. This veto retains the \$5,000,000 each year in funding for the Kentucky Pride fund from the Road Fund, but serves to accomplish this by returning to the statutory means of financing.

3. Road Fund Cash Management Reporting

I, Steven L. 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 7, line 9, after “2014.”, delete the rest of the line.
Page 7, line 10, in its entirety.

I am vetoing this part because it mandates a reporting of information that not only does not exist but is not feasible to establish. The Transportation Cabinet develops and maintains a cash management model to serve the financial liquidity needs of road and bridge projects. Cash flow projections for these projects cannot be reasonably estimated beyond two to three years. This provision mandates a six year cash flow estimate which cannot be validly or reliably done. I am retaining the new quarterly reporting provision to the Appropriation and Revenue Committees.

This the 25th day of April, 2014


Steven L. Beshear, Governor



GENERAL ASSEMBLY COMMONWEALTH OF KENTUCKY

2014 REGULAR SESSION

HOUSE BILL NO. 236

AS ENACTED AND VETOED IN PART

INFORMATIONAL COPY

1 AN ACT relating to fiscal matters and making an appropriation therefor.

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

3 ➔Section 1. The Transportation Cabinet Budget is as follows:

4 **PART I**

5 **OPERATING BUDGET**

6 **(1) Funds Appropriations:** There is appropriated out of the General Fund, Road
7 Fund, Restricted Funds accounts, Federal Funds accounts, or Bond Funds accounts for the
8 fiscal year beginning July 1, 2013, and ending June 30, 2014, for the fiscal year beginning
9 July 1, 2014, and ending June 30, 2015, and for the fiscal year beginning July 1, 2015,
10 and ending June 30, 2016, the following discrete sums, or so much thereof as may be
11 necessary. Appropriated funds are included pursuant to KRS 48.700 and 48.710. Each
12 appropriation is made by source of respective fund or funds accounts. Appropriations for
13 the budget units of the Transportation Cabinet are subject to the provisions of Chapters
14 12, 42, 45, and 48 of the Kentucky Revised Statutes and compliance with the conditions
15 and procedures set forth in this Act.

16 **A. TRANSPORTATION CABINET**

17 **Budget Units**

18 **1. GENERAL ADMINISTRATION AND SUPPORT**

	2014-15	2015-16
20 General Fund	500,000	500,000
21 Restricted Funds	1,989,100	1,989,100
22 Road Fund	70,871,200	72,006,800
23 TOTAL	73,360,300	74,495,900

24 **(1) Biennial Highway Construction Plan:** The Secretary of the Transportation
25 Cabinet shall produce a single document that contains two separately identified sections,
26 as follows:

27 Section 1 shall detail the enacted fiscal biennium 2014-2016 Biennial Highway

1 Construction Program and Section 2 shall detail the 2014-2016 Highway Preconstruction
2 Program Plan for fiscal year 2014-2015 through fiscal year 2019-2020 as identified by the
3 2014 General Assembly. This document shall mirror in data type and format the fiscal
4 year 2014-2020 Recommended Six-Year Road Plan as submitted to the 2014 General
5 Assembly. The document shall be published and distributed to members of the General
6 Assembly and the public within 60 days of adjournment of the 2014 Regular Session of
7 the General Assembly.

8 **(2) Debt Service:** Included in the above Road Fund appropriation is \$6,401,000
9 in fiscal year 2014-2015 and \$6,780,500 in fiscal year 2015-2016 for debt service on
10 previously authorized bonds for the Transportation Cabinet office building and parking
11 structure.

12 **(3) Adopt-A-Highway Litter Program:** The Transportation Cabinet and the
13 Energy and Environment Cabinet may receive, accept, and solicit grants, contributions of
14 money, property, labor, or other things of value from any governmental agency,
15 individual, nonprofit organization, or private business to be used for the Adopt-a-
16 Highway Litter Program or other statewide litter programs. Any contribution of this
17 nature shall be deemed to be a contribution to a state agency for a public purpose and
18 shall be treated as Restricted Funds under KRS Chapter 45 and reported according to
19 KRS Chapter 48, and shall not be subject to restrictions set forth under KRS Chapter
20 11A.

21 **(4) Debt Service:** Included in the above Road Fund appropriation is \$208,000 in
22 fiscal year 2014-2015 and \$415,000 in fiscal year 2015-2016 for new debt service to
23 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

24 **(5) SAFE Patrol Program:** The Transportation Cabinet shall continue the SAFE
25 Patrol Program at the current service level. The primary mission of the Cabinet's SAFE
26 Patrol shall be motorist assistance. The SAFE Patrol shall be restricted to providing only
27 assistance services on interstates, parkways, and other limited-access highways.

1 **(6) Riverport Improvements:** Included in the above General Fund appropriation
 2 is \$500,000 in each fiscal year to improve public riverports within Kentucky.
 3 Improvements shall be limited to dredging and maintenance of access. The Secretary of
 4 the Transportation Cabinet, in conjunction with the Kentucky Water Transportation
 5 Advisory Board, shall determine how the funds are distributed.

6 **(7) Ferry Boat Captain Licensure:** If the United States Congress exempts any
 7 small passenger vessels from the operator licensing requirements of 46 U.S.C. sec. 8902,
 8 the Transportation Cabinet shall establish a system of state licensure for the operators of
 9 any small passenger vessels so affected.

10 **2. AVIATION**

	2014-15	2015-16
11 Restricted Funds	10,412,000	10,421,500
12 Federal Funds	611,700	611,700
13 Road Fund	2,862,000	2,884,500
14 TOTAL	13,885,700	13,917,700

15
 16 **(1) Operational Costs:** Notwithstanding KRS 183.525(5), the above Restricted
 17 Funds appropriation includes operational costs of the program in each fiscal year.

18 **(2) Debt Service:** Included in the above Road Fund appropriation is \$1,894,500
 19 in fiscal year 2014-2015 and \$1,898,800 in fiscal year 2015-2016 for debt service on
 20 previously authorized bonds. Notwithstanding KRS 183.525, \$992,500 in fiscal year
 21 2014-2015 and \$996,800 in fiscal year 2015-2016 is transferred to the Road Fund from
 22 the Kentucky Aviation Economic Development Fund to support debt service on those
 23 bonds.

24 ~~[(3) Bowling Green Warren County Regional Airport: Included in the above~~
 25 ~~Restricted Funds appropriation is \$750,000 in fiscal year 2014-2015 for the Bowling~~
 26 ~~Green Warren County Regional Airport project. No funds shall be disbursed unless~~
 27 ~~\$1,250,000 from other fund sources, including up to \$300,000 in in-kind contributions, is~~

1 available to complete the project.

2 ~~(4) Pikeville Commercial Air Service: Included in the above Restricted Funds~~
3 ~~appropriation is \$250,000 in fiscal year 2014-2015 for the City of Pikeville for the~~
4 ~~Pikeville Commercial Air Service project.~~

5 ~~(5) Eastern Kentucky University Aviation Program: Included in the above~~
6 ~~Restricted Funds appropriation is \$2,000,000 in fiscal year 2014-2015 for hangars, flight~~
7 ~~simulators, maintenance, and renovations for the Eastern Kentucky University Aviation~~
8 ~~Program.]~~

9 **3. DEBT SERVICE**

10		2014-15	2015-16
11	Road Fund	154,035,300	170,387,700

12 **(1) Economic Development Road Lease-Rental Payments:** Included in the
13 above Road Fund appropriation is \$153,910,300 in fiscal year 2014-2015 and
14 \$170,262,700 in fiscal year 2015-2016 for Economic Development Road lease-rental
15 payments relating to projects financed by Economic Development Road Revenue Bonds
16 previously authorized by the General Assembly and issued by the Kentucky Turnpike
17 Authority.

18 **(2) Debt Payment Acceleration Fund Account:** Notwithstanding KRS 175.505,
19 no portion of the revenues to the state Road Fund provided by the adjustments in KRS
20 138.220(2), excluding KRS 177.320 and 177.365, shall accrue to the Debt Payment
21 Acceleration Fund account during the 2014-2016 fiscal biennium.

22 **(3) Excess Lease-Rental Payments:** Any moneys not required to meet lease-
23 rental payments or to meet the administrative costs of the Kentucky Turnpike Authority
24 shall be transferred to the State Construction Account.

25 **4. HIGHWAYS**

26		2013-14	2014-15	2015-16
27	Restricted Funds	100,000,000	349,341,800	199,952,100

1	Federal Funds	-0-	697,940,400	699,967,300
2	Road Fund	-0-	821,913,600	779,181,500
3	TOTAL	100,000,000	1,869,195,800	1,679,100,900

4 **(1) Debt Service:** Included in the above Federal Funds appropriation is
 5 \$68,477,200 in fiscal year 2014-2015 and \$91,415,700 in fiscal year 2015-2016 for debt
 6 service on Grant Anticipation Revenue Vehicle (GARVEE) Bonds previously
 7 appropriated by the General Assembly.

8 **(2) State Supported Construction Program:** Included in the above Road Fund
 9 appropriation is \$393,011,900 in fiscal year 2014-2015 and \$345,306,800 in fiscal year
 10 2015-2016 for the State Supported Construction Program.

11 **(3) Biennial Highway Construction Program:** Included in the State Supported
 12 Construction Program is \$265,019,900 in fiscal year 2014-2015 and \$217,323,800 in
 13 fiscal year 2015-2016 from the Road Fund for state construction projects in the fiscal
 14 biennium 2014-2016 Biennial Highway Construction Program.

15 **(4) Highway Construction Contingency Account:** Included in the State
 16 Supported Construction Program is \$31,000,000 in each fiscal year for the Highway
 17 Construction Contingency Account. ~~Included in the Highway Construction Contingency~~
 18 ~~Account is \$5,000,000 in each fiscal year to support the Kentucky Pride Fund created in~~
 19 ~~KRS 224.43-505.~~ Also included in the Highway Construction Contingency Account for
 20 Shortline Railroads is \$1,600,000 in each fiscal year for public safety improvements to at-
 21 grade railroad crossings, railroad bridge overpasses, and railroad crossing safety
 22 equipment, which shall not be expended unless matched with private funds equaling 20
 23 percent of the total amount for any individual project. Except in the case of a declared
 24 emergency, the Governor and the Secretary shall not expend or encumber in the aggregate
 25 more that 55 percent of the funds appropriated by this Act to the Highway Construction
 26 Contingency Account during the first half of fiscal year 2015-2016.

27 **(5) 2014-2016 Biennial Highway Construction Plan:** Projects in the enacted

1 2012-2014 Biennial Highway Construction Plan are authorized to continue their current
2 authorization into the 2014-2016 fiscal biennium. If projects in previously enacted
3 highway construction plans conflict with the 2014-2016 Biennial Highway Construction
4 Plan, the projects in the 2014-2016 Biennial Highway Construction Plan shall control.
5 The Secretary shall make every effort to maintain highway program delivery by adhering
6 to the timeframes included in the 2014-2016 Biennial Highway Construction Plan for
7 those projects.

8 **(6) Kentucky Transportation Center:** Notwithstanding KRS 177.320(4),
9 included in the above Road Fund appropriation is \$290,000 in each fiscal year for the
10 Kentucky Transportation Center.

11 **(7) New Highway Equipment Purchases:** Notwithstanding KRS 48.710(3),
12 included in the above Restricted Funds appropriation is \$1,500,000 in each fiscal year
13 from the sale of surplus equipment to purchase new highway equipment.

14 **(8) State Match Provisions:** The Transportation Cabinet is authorized to utilize
15 state construction moneys or Toll Credits to match federal highway moneys.

16 **(9) Federal Aid Highway Funds:** If additional federal highway moneys are made
17 available to Kentucky by the United States Congress, the funds shall be used according to
18 the following priority: (a) Any demonstration-specific or project-specific money shall be
19 used on the project identified; and (b) All other funds shall be used to ensure that projects
20 in the fiscal biennium 2014-2016 Biennial Highway Construction Plan are funded. If
21 additional federal moneys remain after these priorities are met, the Transportation
22 Cabinet may select projects from the Highway Preconstruction Program.

23 **(10) Road Fund Cash Management:** The Secretary of the Transportation Cabinet
24 may continue the Cash Management Plan to address the policy of the General Assembly
25 to expeditiously initiate and complete projects in the fiscal biennium 2014-2016 Biennial
26 Highway Construction Plan. Notwithstanding KRS Chapter 45, specifically including
27 KRS 45.242 and 45.244, the Secretary may concurrently advance projects in the Biennial

1 Highway Construction Plan by employing management techniques that maximize the
 2 Cabinet's ability to contract for and effectively administer the project work. Under the
 3 approved Cash Management Plan, the Secretary shall continuously ensure that the
 4 unspent project and Road Fund balances available to the Transportation Cabinet are
 5 sufficient to meet expenditures consistent with appropriations provided. The
 6 Transportation Cabinet shall provide quarterly reports to the Interim Joint Committee on
 7 Appropriations and Revenue when the General Assembly is not in session and the
 8 Standing Committees on Appropriations and Revenue when the General Assembly is in
 9 session beginning July 1, 2014.~~[The report shall include a monthly forecast by fiscal year~~
 10 ~~for fiscal year 2014-2015 through fiscal year 2019-2020.]~~

11 **(11) Carry Forward of Appropriation Balances:** Notwithstanding KRS 45.229,
 12 unexpended Road Fund appropriations in the Highways budget unit for the Construction
 13 Program, the Maintenance Program, and the Research Program in fiscal year 2013-2014
 14 and in fiscal year 2014-2015 shall not lapse but shall carry forward. Unexpended Federal
 15 Funds and Restricted Funds appropriations in the Highways budget unit for the
 16 Construction Program, the Maintenance Program, the Equipment Services Program, and
 17 the Research Program in fiscal year 2013-2014 and in fiscal year 2014-2015, up to the
 18 amount of ending cash balances and unissued Highway and GARVEE Bond Funds, to
 19 include any interest income earned on those bond funds, and grant balances shall not
 20 lapse but shall carry forward.

21 **(12) Federally Supported Construction Program:** Included in the above Federal
 22 Funds appropriation is \$676,524,300 in fiscal year 2014-2015 and \$678,551,200 in fiscal
 23 year 2015-2016 for federal construction projects.

24 **(13) State Resurfacing Program:** Included in the State Supported Construction
 25 Program is \$97,000,000 in each fiscal year from the Road Fund for the State Resurfacing
 26 Program.

27 **(14) Highways Maintenance:** Included in the above Highways Road Fund

1 appropriation is \$334,723,000 in fiscal year 2014-2015 and \$338,751,200 in fiscal year
 2 2015-2016 for Highways Maintenance. Highways Maintenance positions may be filled to
 3 the extent the above funding level and the Highways Maintenance continuing
 4 appropriation are sufficient to support those positions.

5 **(15) Delayed Projects Status Report:** The Secretary of the Transportation
 6 Cabinet shall report by September 30 of each fiscal year to the Interim Joint Committee
 7 on Transportation any project included in the enacted Biennial Highway Construction
 8 Plan which has been delayed beyond the fiscal year for which the project was authorized.
 9 The report shall include:

- 10 (a) The county name;
- 11 (b) The Transportation Cabinet project identification number;
- 12 (c) The route where the project is located;
- 13 (d) The length of the project;
- 14 (e) A description of the project and the scope of improvement;
- 15 (f) The type of local, state, or federal funds to be used on the project;
- 16 (g) The stage of development for the design, right-of-way, utility, and
 17 construction phases;
- 18 (h) The fiscal year in which each phase of the project was scheduled to
 19 commence;
- 20 (i) The estimated cost for each phase of the project;
- 21 (j) A detailed description of the circumstances leading to the delay; and
- 22 (k) The same information required in paragraphs (a) to (i) of this subsection for
 23 the project or projects advanced with funds initially scheduled for the delayed project.

24 **(16) Transportation Engineering Salaries:** The Transportation Cabinet and the
 25 Personnel Cabinet shall develop a plan to revise the Transportation Engineering Series
 26 salaries in a manner that allows the Transportation Cabinet to become competitive with
 27 state transportation engineering salaries in surrounding states and private entities. The

1 Transportation Cabinet shall submit a report detailing the plan to the Interim Joint
 2 Committee on Transportation and the Interim Joint Committee on Appropriations and
 3 Revenue no later than October 31, 2014.

4 **(17) Interstate Connecting Spur:** The Secretary of the Transportation Cabinet
 5 shall submit a report on interstate opportunities using existing infrastructure as it relates
 6 to the William H. Natcher Parkway as a connecting spur to I-65 to the Legislative
 7 Research Commission and the Interim Joint Committee on Transportation by September
 8 30, 2015.

9 **(18) Jessamine County Bypass:** It is the intent of the General Assembly in the
 10 2016-2018 Biennial Highway Construction Plan to provide \$15,000,000 in federal
 11 highway funds in fiscal year 2016-2017 for the East Nicholasville Bypass, Section IA.

12 **5. JUDGMENTS**

13 **(1) Payment of Judgments:** Road Fund resources required to pay judgments
 14 shall be transferred from the State Construction Account at the time when actual
 15 payments must be disbursed from the State Treasury.

16 **6. PUBLIC TRANSPORTATION**

	2014-15	2015-16
17 General Fund	5,728,200	5,728,200
18 Restricted Funds	484,200	495,600
19 Federal Funds	25,341,400	25,667,200
20 TOTAL	31,553,800	31,891,000

21
 22 **(1) Toll Credits:** The Transportation Cabinet is authorized to maximize to the
 23 extent necessary the use of Toll Credits to match Federal Funds for transit systems capital
 24 grants.

25 **(2) Nonpublic School Transportation:** Included in the above General Fund
 26 appropriation is \$3,500,000 in each fiscal year for nonpublic school transportation.

27 **7. REVENUE SHARING**

		2014-15	2015-16
1			
2	Road Fund	396,861,000	390,753,800

3 **(1) County Road Aid Program:** Included in the above Road Fund appropriation
 4 is \$149,967,100 in fiscal year 2014-2015 and \$147,643,000 in fiscal year 2015-2016 for
 5 the County Road Aid Program in accordance with KRS 177.320, 179.410, 179.415, and
 6 179.440. Notwithstanding KRS 177.320(2), the above amounts have been reduced by
 7 \$38,000 in each fiscal year, which has been appropriated to the Highways budget unit for
 8 the support of the Kentucky Transportation Center.

9 **(2) Rural Secondary Program:** Included in the above Road Fund appropriation
 10 is \$181,927,400 in fiscal year 2014-2015 and \$179,108,000 in fiscal year 2015-2016 for
 11 the Rural Secondary Program in accordance with KRS 177.320, 177.330, 177.340,
 12 177.350, and 177.360. Notwithstanding KRS 177.320(1), the above amounts have been
 13 reduced by \$46,000 in each fiscal year, which has been appropriated to the Highways
 14 budget unit for the support of the Kentucky Transportation Center.

15 **(3) Municipal Road Aid Program:** Included in the above Road Fund
 16 appropriation is \$63,100,900 in fiscal year 2014-2015 and \$62,123,000 in fiscal year
 17 2015-2016 for the Municipal Road Aid Program in accordance with KRS 177.365,
 18 177.366, and 177.369. Notwithstanding KRS 177.365(1), the above amounts have been
 19 reduced by \$16,000 in each fiscal year, which has been appropriated to the Highways
 20 budget unit for the support of the Kentucky Transportation Center.

21 **(4) Energy Recovery Road Fund:** Included in the above Road Fund
 22 appropriation is \$903,000 in each fiscal year for the Energy Recovery Road Fund in
 23 accordance with KRS 177.977, 177.9771, 177.9772, 177.978, 177.979, and 177.981.

24 **8. VEHICLE REGULATION**

		2014-15	2015-16
25			
26	Restricted Funds	8,952,800	13,663,100
27	Federal Funds	2,868,600	2,886,600

1 completes an initial draw on the line of credit within the biennium immediately
 2 subsequent to the original authorization; and (c) Grant or loan agreements, if applicable,
 3 shall have been finalized and properly signed by all necessary parties. Notwithstanding
 4 the criteria set forth in this subsection, the disposition of 2012-2014 fiscal biennium
 5 nonstatutory appropriated maintenance pools funded from Capital Construction
 6 Investment Income shall remain subject to the provisions of KRS 45.770(5)(c).

7 **(3) Bond Proceeds Investment Income:** Investment income earned from bond
 8 proceeds beyond that which is required to satisfy Internal Revenue Service arbitrage
 9 rebates and penalties and excess bond proceeds upon the completion of a bond-financed
 10 capital project shall be used to pay debt service according to the Internal Revenue Service
 11 Code and accompanying regulations.

12 **A. TRANSPORTATION CABINET**

13 Budget Units	2014-15	2015-16
14 1. GENERAL ADMINISTRATION AND SUPPORT		
15 001. Maintenance Pool – 2014-2016		
16 Road Fund	3,000,000	3,000,000
17 002. Construct C-1 Garage		
18 Bond Funds	5,000,000	-0-
19 003. Upgrade AASHTOWare		
20 Road Fund	1,300,000	1,300,000
21 004. Construct Ballard County Maintenance Facility and Salt Storage		
22 Structure Reauthorization (\$1,440,000 Road Fund)		
23 005. Construct Crittenden County Maintenance Facility and Salt Storage		
24 Structure Reauthorization (\$1,340,000 Road Fund)		
25 006. Construct Harrison County Maintenance Facility and Salt Storage		
26 Structure Reauthorization (\$1,440,000 Road Fund)		
27 007. Construct Henderson County Maintenance Facility and Salt Storage		

1	Structure Reauthorization (\$1,440,000 Road Fund)		
2	008. Construct Knott County Maintenance Facility and Salt Storage		
3	Structure Reauthorization (\$1,440,000 Road Fund)		
4	009. Construct Menifee County Maintenance Facility and Salt Storage		
5	Structure Reauthorization (\$1,440,000 Road Fund)		
6	010. Construct Muhlenberg County Maintenance Facility and Salt Storage		
7	Structure Reauthorization (\$1,440,000 Road Fund)		
8	011. Construct Nicholas County Maintenance Facility and Salt Storage		
9	Structure Reauthorization (\$1,440,000 Road Fund)		
10	012. Construct Jackson (D-10) District Office		
11	Road Fund	1,300,000	5,300,000
12	013. Construct Manchester (D-11) District Office		
13	Road Fund	1,300,000	5,300,000
14	2. AVIATION		
15	001. Aircraft Major Maintenance Pool - 2014-2016		
16	Investment Income	600,000	600,000
17	3. HIGHWAYS		
18	001. Road Maintenance Parks - 2014-2016		
19	Road Fund	1,500,000	1,500,000
20	002. Repair Loadometer and Rest Areas - 2014-2016		
21	Road Fund	750,000	750,000
22	003. Various Environmental Compliance - 2014-2016		
23	Road Fund	583,000	555,000
24	4. VEHICLE REGULATION		
25	001. Replace Kentucky Driver Licensing System Reauthorization		
26	(\$12,500,000 Bond Funds)		

PART III

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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 2014-2015 and fiscal year 2015-2016:

	2014-15	2015-16
A. TRANSPORTATION CABINET		
1. Aviation		
Agency Revenue Fund	468,000	468,000
(KRS 183.525(4) and (5))		
2. Vehicle Regulation		
Agency Revenue Fund	4,100,000	4,100,000
(KRS 186.040(6)(a))		
3. Vehicle Regulation		
Agency Revenue Fund	3,000,000	3,000,000
(KRS 186.240(3))		
4. Vehicle Regulation		
Agency Revenue Fund	250,000	-0-
(KRS 138.710(2) and 45.345(2))		
TOTAL - FUNDS TRANSFER	7,818,000	7,568,000

PART IV

ROAD FUND BUDGET REDUCTION PLAN

Notwithstanding 2014 Regular Session HB 235/EN, Part VIII, there is established a Road Fund Budget Reduction Plan for fiscal year 2014-2015 and fiscal year 2015-2016. Pursuant to KRS 48.130, in the event of an actual or projected revenue shortfall in Road Fund revenue receipts of \$1,546,700,000 in fiscal year 2014-2015 and \$1,558,400,000 in

1 fiscal year 2015-2016 as determined by KRS 48.120 and modified by related Acts and
2 actions of the General Assembly in an extraordinary or regular session, the Governor
3 shall implement sufficient reductions as may be required to protect the highest possible
4 level of service.

5 **PART V**

6 **BUDGET RESERVE TRUST FUND**

7 The Budget Reserve Trust Fund Account (KRS 48.705) balance as appropriated in
8 2014 Regular Session HB 235/EN shall be reduced by \$1,617,800 for General Fund
9 moneys appropriated in Part I of this section.

10 **PART VI**

11 **TRANSPORTATION CABINET BUDGET SUMMARY**

12 **OPERATING BUDGET**

	2013-14	2014-15	2015-16
13 General Fund	-0-	6,228,200	6,228,200
14 Restricted Funds	100,000,000	371,179,900	226,521,400
15 Federal Funds	-0-	726,762,100	729,132,800
16 Road Fund	-0-	1,478,312,300	1,443,678,300
17 SUBTOTAL	100,000,000	2,582,482,500	2,405,560,700

18 **CAPITAL PROJECTS BUDGET**

	2013-14	2014-15	2015-16
19 Road Fund	-0-	9,733,000	17,705,000
20 Bond Funds	-0-	5,000,000	-0-
21 Investment Income	-0-	600,000	600,000
22 SUBTOTAL	-0-	15,333,000	18,305,000

23 **TOTAL - TRANSPORTATION CABINET BUDGET**

	2013-14	2014-15	2015-16
24 General Fund	-0-	6,228,200	6,228,200

1	Restricted Funds	100,000,000	371,179,900	226,521,400
2	Federal Funds	-0-	726,762,100	729,132,800
3	Road Fund	-0-	1,488,045,300	1,461,383,300
4	Bond Funds	-0-	5,000,000	-0-
5	Investment Income	-0-	600,000	600,000
6	TOTAL FUNDS	100,000,000	2,597,815,500	2,423,865,700

7 ➔Section 2. Notwithstanding KRS 68.197 or any other statute to the contrary, the
8 provisions of this section shall apply as follows from the effective date of this Act
9 through June 30, 2016:

- 10 (1) Any set-off or credit of city license fees against county license fees that exists
11 between a city and county as of the effective date of this Act, shall remain in effect
12 as it is on the effective date of this Act;
- 13 (2) The provisions of subsection (7) of KRS 68.197 shall not apply to a city and county
14 unless both the city and the county have levied and are collecting license fees on the
15 effective date of this Act;
- 16 (3) Any agreement between a city and county related to the sharing of revenues from a
17 license fee that is in effect on the effective date of this Act shall remain in effect,
18 regardless of whether the agreement, by its terms, was set to expire prior to June 30,
19 2016; and
- 20 (4) Any city and county subject to the provisions of subsections (1) to (3) of this section
21 may enter into an interlocal agreement to establish a revenue-sharing arrangement
22 that differs from the requirements of this section.

23 ➔Section 3. (1) Notwithstanding KRS 68.197 or any other statute to the
24 contrary, the provisions of this section shall only apply to the levy of license fees by a
25 county that levied a license fee that was in effect on the effective date of this Act, and a
26 city within that county that has levied but not collected a license fee as of the effective
27 date of this Act.

1 (2) From July 1, 2014, through June 30, 2015, the credit established by subsection
2 (7) of KRS 68.197 shall only apply to the first one-tenth of one percent (0.10%) of the tax
3 rate imposed by the county within the corporate limits of the city.

4 (3) From July 1, 2015, through June 30, 2016, the credit established by subsection
5 (7) of KRS 68.197 shall only apply to the first two-tenths of one percent (0.20%) of the
6 tax rate imposed by the county within the corporate limits of the city.

7 (4) Any city and county subject to this section may enter into an interlocal
8 agreement to establish a revenue-sharing arrangement that differs from the requirements
9 of this section.

10 ➔Section 4. Notwithstanding the provisions of KRS 68.197, KRS 68.199, or any
11 other statute to the contrary, any county that:

12 (1) Enacted an occupational license fee under the authority of KRS 67.083 at a rate of
13 greater than one percent (1%) prior to reaching a population of thirty thousand
14 (30,000); and

15 (2) Has an agreement with the largest city in the county to share revenues from the
16 occupational license fee levied by the county;

17 may increase the occupational license fee rate above the rate that was imposed at the time
18 the population of the county grew to beyond thirty thousand (30,000) if the county and the
19 largest city within the county enter into an agreement approving the rate increase, and
20 providing an agreed distribution of revenues from the levy to the city and the county.
21 Other cities within the county may also be parties to the agreement if agreed to by all the
22 parties.



GENERAL ASSEMBLY COMMONWEALTH OF KENTUCKY

2014 REGULAR SESSION

HOUSE BILL NO. 445

AS ENACTED

MONDAY, MARCH 31, 2014

1 AN ACT relating to fiscal matters, making an appropriation therefor, and declaring
2 an emergency.

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

4 ➔Section 1. KRS 224.50-868 is amended to read as follows:

- 5 (1) Until June 30, 2016~~[2014]~~, a person purchasing a new motor vehicle tire in
6 Kentucky shall pay to the retailer a one dollar (\$1) fee at the time of the purchase of
7 that tire. A new tire is a tire that has never been placed on a motor vehicle wheel
8 rim, but it is not a tire placed on a motor vehicle prior to its original retail sale or a
9 recapped tire. The term "motor vehicle" as used in this section shall mean "motor
10 vehicle" as defined in KRS 138.450. The fee shall not be subject to the Kentucky
11 sales tax.
- 12 (2) When a person purchases a new motor vehicle tire in Kentucky to replace another
13 tire, the tire that is replaced becomes a waste tire subject to the waste tire program.
14 The person purchasing the new motor vehicle tire shall be encouraged by the
15 retailer to leave the waste tire with the retailer or meet the following requirements:
- 16 (a) Dispose of the waste tire in accordance with KRS 224.50-856(1);
17 (b) Deliver the waste tire to a person registered in accordance with the waste tire
18 program; or
19 (c) Reuse the waste tire for its original intended purpose or an agricultural
20 purpose.
- 21 (3) A retailer shall report to the Department of Revenue on or before the twentieth day
22 of each month the number of new motor vehicle tires sold during the preceding
23 month and the number of waste tires received from customers that month. The
24 report shall be filed on forms and contain information as the Department of
25 Revenue may require. The retailer shall remit with the report ninety-five percent
26 (95%) of the fees collected for the preceding month and may retain a five percent
27 (5%) handling fee.

- 1 (4) A retailer shall:
- 2 (a) Accept from the purchaser of a new tire, if offered, for each new motor
3 vehicle tire sold, a waste tire of similar size and type; and
- 4 (b) Post notice at the place where retail sales are made that state law requires the
5 retailer to accept, if offered, a waste tire for each new motor vehicle tire sold
6 and that a person purchasing a new motor vehicle tire to replace another tire
7 shall comply with subsection (2) of this section. The notice shall also include
8 the following wording: "State law requires a new tire buyer to pay one dollar
9 (\$1) for each new tire purchased. The money is collected and used by the state
10 to oversee the management of waste tires, including cleaning up abandoned
11 waste tire piles and preventing illegal dumping of waste tires."
- 12 (5) A retailer shall comply with the requirements of the recordkeeping system for waste
13 tires established by KRS 224.50-874.
- 14 (6) A retailer shall transfer waste tires only to a person who presents a letter from the
15 cabinet approving the registration issued under KRS 224.50-858 or a copy of a solid
16 waste disposal facility permit issued by the cabinet, unless the retailer is delivering
17 the waste tires to a destination outside Kentucky and the waste tires will remain in
18 the retailer's possession until they reach that destination.
- 19 (7) The cabinet shall, in conjunction with the Waste Tire Working Group, develop the
20 informational fact sheet to be made publicly available on the cabinet's Web site and
21 available in print upon request. The fact sheet shall identify ways to properly
22 dispose of the waste tire and present information on the problems caused by
23 improper waste tire disposal.
- 24 ➔Section 2. KRS 141.010 is amended to read as follows:
- 25 As used in this chapter, unless the context requires otherwise:
- 26 (1) "Commissioner" means the commissioner of the Department of Revenue;
- 27 (2) "Department" means the Department of Revenue;

- 1 (3) "Internal Revenue Code" means the Internal Revenue Code in effect on December
2 31, 2013~~[2006]~~, exclusive of any amendments made subsequent to that date, other
3 than amendments that extend provisions in effect on December 31, 2013~~[2006]~~, that
4 would otherwise terminate, and as modified by KRS 141.0101~~[- except that for~~
5 ~~property placed in service after September 10, 2001, only the depreciation and~~
6 ~~expense deductions allowed under Sections 168 and 179 of the Internal Revenue~~
7 ~~Code in effect on December 31, 2001, exclusive of any amendments made~~
8 ~~subsequent to that date, shall be allowed, and including the provisions of the~~
9 ~~Military Family Tax Relief Act of 2003, Pub. L. No. 108-121, effective on the dates~~
10 ~~specified in that Act];~~
- 11 (4) "Dependent" means those persons defined as dependents in the Internal Revenue
12 Code;
- 13 (5) "Fiduciary" means "fiduciary" as defined in Section 7701(a)(6) of the Internal
14 Revenue Code;
- 15 (6) "Fiscal year" means "fiscal year" as defined in Section 7701(a)(24) of the Internal
16 Revenue Code;
- 17 (7) "Individual" means a natural person;
- 18 (8) "Modified gross income" means the greater of:
- 19 (a) Adjusted gross income as defined in Section 62 of the Internal Revenue Code
20 of 1986, including any subsequent amendments in effect on December 31 of
21 the taxable year, and adjusted as follows:
- 22 1. Include interest income derived from obligations of sister states and
23 political subdivisions thereof; and
- 24 2. Include lump-sum pension distributions taxed under the special
25 transition rules of Pub. L. No. 104-188, sec. 1401(c)(2); or
- 26 (b) Adjusted gross income as defined in subsection (10) of this section and
27 adjusted to include lump-sum pension distributions taxed under the special

- 1 transition rules of Pub. L. No. 104-188, sec. 1401(c)(2);
- 2 (9) "Gross income," in the case of taxpayers other than corporations, means "gross
3 income" as defined in Section 61 of the Internal Revenue Code;
- 4 (10) "Adjusted gross income," in the case of taxpayers other than corporations, means
5 gross income as defined in subsection (9) of this section minus the deductions
6 allowed individuals by Section 62 of the Internal Revenue Code and as modified by
7 KRS 141.0101 and adjusted as follows, except that deductions shall be limited to
8 amounts allocable to income subject to taxation under the provisions of this chapter,
9 and except that nothing in this chapter shall be construed to permit the same item to
10 be deducted more than once:
- 11 (a) Exclude income that is exempt from state taxation by the Kentucky
12 Constitution and the Constitution and statutory laws of the United States and
13 Kentucky;
- 14 (b) Exclude income from supplemental annuities provided by the Railroad
15 Retirement Act of 1937 as amended and which are subject to federal income
16 tax by Public Law 89-699;
- 17 (c) Include interest income derived from obligations of sister states and political
18 subdivisions thereof;
- 19 (d) Exclude employee pension contributions picked up as provided for in KRS
20 6.505, 16.545, 21.360, 61.560, 65.155, 67A.320, 67A.510, 78.610, and
21 161.540 upon a ruling by the Internal Revenue Service or the federal courts
22 that these contributions shall not be included as gross income until such time
23 as the contributions are distributed or made available to the employee;
- 24 (e) Exclude Social Security and railroad retirement benefits subject to federal
25 income tax;
- 26 (f) Include, for taxable years ending before January 1, 1991, all overpayments of
27 federal income tax refunded or credited for taxable years;

- 1 (g) Deduct, for taxable years ending before January 1, 1991, federal income tax
2 paid for taxable years ending before January 1, 1990;
- 3 (h) Exclude any money received because of a settlement or judgment in a lawsuit
4 brought against a manufacturer or distributor of "Agent Orange" for damages
5 resulting from exposure to Agent Orange by a member or veteran of the
6 Armed Forces of the United States or any dependent of such person who
7 served in Vietnam;
- 8 (i) 1. For taxable years ending prior to December 31, 2005, exclude the
9 applicable amount of total distributions from pension plans, annuity
10 contracts, profit-sharing plans, retirement plans, or employee savings
11 plans.
- 12 The "applicable amount" shall be:
- 13 a. Twenty-five percent (25%), but not more than six thousand two
14 hundred fifty dollars (\$6,250), for taxable years beginning after
15 December 31, 1994, and before January 1, 1996;
- 16 b. Fifty percent (50%), but not more than twelve thousand five
17 hundred dollars (\$12,500), for taxable years beginning after
18 December 31, 1995, and before January 1, 1997;
- 19 c. Seventy-five percent (75%), but not more than eighteen thousand
20 seven hundred fifty dollars (\$18,750), for taxable years beginning
21 after December 31, 1996, and before January 1, 1998; and
- 22 d. One hundred percent (100%), but not more than thirty-five
23 thousand dollars (\$35,000), for taxable years beginning after
24 December 31, 1997.
- 25 2. For taxable years beginning after December 31, 2005, exclude up to
26 forty-one thousand one hundred ten dollars (\$41,110) of total
27 distributions from pension plans, annuity contracts, profit-sharing plans,

- 1 retirement plans, or employee savings plans.
- 2 3. As used in this paragraph:
- 3 a. "Distributions" includes but is not limited to any lump-sum
- 4 distribution from pension or profit-sharing plans qualifying for the
- 5 income tax averaging provisions of Section 402 of the Internal
- 6 Revenue Code; any distribution from an individual retirement
- 7 account as defined in Section 408 of the Internal Revenue Code;
- 8 and any disability pension distribution;
- 9 b. "Annuity contract" has the same meaning as set forth in Section
- 10 1035 of the Internal Revenue Code; and
- 11 c. "Pension plans, profit-sharing plans, retirement plans, or employee
- 12 savings plans" means any trust or other entity created or organized
- 13 under a written retirement plan and forming part of a stock bonus,
- 14 pension, or profit-sharing plan of a public or private employer for
- 15 the exclusive benefit of employees or their beneficiaries and
- 16 includes plans qualified or unqualified under Section 401 of the
- 17 Internal Revenue Code and individual retirement accounts as
- 18 defined in Section 408 of the Internal Revenue Code;
- 19 (j) 1. a. Exclude the portion of the distributive share of a shareholder's net
- 20 income from an S corporation subject to the franchise tax imposed
- 21 under KRS 136.505 or the capital stock tax imposed under KRS
- 22 136.300; and
- 23 b. Exclude the portion of the distributive share of a shareholder's net
- 24 income from an S corporation related to a qualified subchapter S
- 25 subsidiary subject to the franchise tax imposed under KRS
- 26 136.505 or the capital stock tax imposed under KRS 136.300.
- 27 2. The shareholder's basis of stock held in a S corporation where the S

1 corporation or its qualified subchapter S subsidiary is subject to the
2 franchise tax imposed under KRS 136.505 or the capital stock tax
3 imposed under KRS 136.300 shall be the same as the basis for federal
4 income tax purposes;

5 (k) Exclude, to the extent not already excluded from gross income, any amounts
6 paid for health insurance, or the value of any voucher or similar instrument
7 used to provide health insurance, which constitutes medical care coverage for
8 the taxpayer, the taxpayer's spouse, and dependents, or for any person
9 authorized to be provided excludable coverage by the taxpayer pursuant to the
10 federal Patient Protection and Affordable Care Act of 2010, Pub. L. No. 111-
11 148, or the Health Care and Education Reconciliation Act of 2010 Pub. L. No.
12 111-152, during the taxable year. Any amounts paid by the taxpayer for health
13 insurance that are excluded pursuant to this paragraph shall not be allowed as
14 a deduction in computing the taxpayer's net income under subsection (11) of
15 this section;

16 (l) Exclude income received for services performed as a precinct worker for
17 election training or for working at election booths in state, county, and local
18 primary, regular, or special elections;

19 (m) Exclude any amount paid during the taxable year for insurance for long-term
20 care as defined in KRS 304.14-600;

21 (n) Exclude any capital gains income attributable to property taken by eminent
22 domain;

23 (o) Exclude any amount received by a producer of tobacco or a tobacco quota
24 owner from the multistate settlement with the tobacco industry, known as the
25 Master Settlement Agreement, signed on November 22, 1998;

26 (p) Exclude any amount received from the secondary settlement fund, referred to
27 as "Phase II," established by tobacco companies to compensate tobacco

- 1 farmers and quota owners for anticipated financial losses caused by the
2 national tobacco settlement;
- 3 (q) Exclude any amount received from funds of the Commodity Credit
4 Corporation for the Tobacco Loss Assistance Program as a result of a
5 reduction in the quantity of tobacco quota allotted;
- 6 (r) Exclude any amount received as a result of a tobacco quota buydown program
7 that all quota owners and growers are eligible to participate in;
- 8 (s) Exclude state Phase II payments received by a producer of tobacco or a
9 tobacco quota owner;
- 10 (t) Exclude all income from all sources for active duty and reserve members and
11 officers of the Armed Forces of the United States or National Guard who are
12 killed in the line of duty, for the year during which the death occurred and the
13 year prior to the year during which the death occurred. For the purposes of this
14 paragraph, "all income from all sources" shall include all federal and state
15 death benefits payable to the estate or any beneficiaries; and
- 16 (u) For taxable years beginning on or after January 1, 2010, exclude all military
17 pay received by active duty members of the Armed Forces of the United
18 States, members of reserve components of the Armed Forces of the United
19 States, and members of the National Guard, including compensation for state
20 active duty as described in KRS 38.205;
- 21 (11) "Net income," in the case of taxpayers other than corporations, means adjusted
22 gross income as defined in subsection (10) of this section, minus:
- 23 (a) The ~~{standard deduction allowed by KRS 141.081, or, at the option of the~~
24 ~~taxpayer, the}~~deduction allowed by KRS 141.0202;
- 25 (b) Any amount paid for vouchers or similar instruments that provide health
26 insurance coverage to employees or their families;
- 27 (c) For taxable years beginning on or after January 1, 2010, the amount of

1 domestic production activities deduction calculated at six percent (6%) as
2 allowed in Section 199(a)(2) of the Internal Revenue Code for taxable years
3 beginning before 2010; and

4 (d) 1. All the deductions allowed individuals by Chapter 1 of the Internal
5 Revenue Code as modified by KRS 141.0101 except:

6 a. Any deduction allowed by the Internal Revenue Code for state or
7 foreign taxes measured by gross or net income, including state and
8 local general sales taxes allowed in lieu of state and local income
9 taxes under the provisions of Section 164(b)(5) of the Internal
10 Revenue Code;

11 b. Any deduction allowed by the Internal Revenue Code for amounts
12 allowable under KRS 140.090(1)(h) in calculating the value of the
13 distributive shares of the estate of a decedent, unless there is filed
14 with the income return a statement that such deduction has not
15 been claimed under KRS 140.090(1)(h);

16 c. The deduction for personal exemptions allowed under Section 151
17 of the Internal Revenue Code and any other deductions in lieu
18 thereof;

19 d. For taxable years beginning on or after January 1, 2010, the
20 domestic production activities deduction allowed under Section
21 199 of the Internal Revenue Code;

22 e. Any deduction for amounts paid to any club, organization, or
23 establishment which has been determined by the courts or an
24 agency established by the General Assembly and charged with
25 enforcing the civil rights laws of the Commonwealth, not to afford
26 full and equal membership and full and equal enjoyment of its
27 goods, services, facilities, privileges, advantages, or

1 accommodations to any person because of race, color, religion,
 2 national origin, or sex, except nothing shall be construed to deny a
 3 deduction for amounts paid to any religious or denominational
 4 club, group, or establishment or any organization operated solely
 5 for charitable or educational purposes which restricts membership
 6 to persons of the same religion or denomination in order to
 7 promote the religious principles for which it is established and
 8 maintained;~~and~~

9 f. Any deduction directly or indirectly allocable to income which is
 10 either exempt from taxation or otherwise not taxed under this
 11 chapter;~~and~~

12 *g. The itemized deduction limitation established in 26 U.S.C. sec.*
 13 *68 shall be determined using the applicable amount from 26*
 14 *U.S.C. sec. 68 as it existed on December 31, 2006; and*

15 *h. A taxpayer may elect to claim the standard deduction allowed by*
 16 *KRS 141.081 instead of itemized deductions allowed pursuant to*
 17 *26 U.S.C. sec. 63 and as modified by this section; and*

18 2. Nothing in this chapter shall be construed to permit the same item to be
 19 deducted more than once;

20 (12) "Gross income," in the case of corporations, means "gross income" as defined in
 21 Section 61 of the Internal Revenue Code and as modified by KRS 141.0101 and
 22 adjusted as follows:

- 23 (a) Exclude income that is exempt from state taxation by the Kentucky
 24 Constitution and the Constitution and statutory laws of the United States;
 25 (b) Exclude all dividend income received after December 31, 1969;
 26 (c) Include interest income derived from obligations of sister states and political
 27 subdivisions thereof;

- 1 (d) Exclude fifty percent (50%) of gross income derived from any disposal of coal
2 covered by Section 631(c) of the Internal Revenue Code if the corporation
3 does not claim any deduction for percentage depletion, or for expenditures
4 attributable to the making and administering of the contract under which such
5 disposition occurs or to the preservation of the economic interests retained
6 under such contract;
- 7 (e) Include in the gross income of lessors income tax payments made by lessees
8 to lessors, under the provisions of Section 110 of the Internal Revenue Code,
9 and exclude such payments from the gross income of lessees;
- 10 (f) Include the amount calculated under KRS 141.205;
- 11 (g) Ignore the provisions of Section 281 of the Internal Revenue Code in
12 computing gross income;
- 13 (h) Exclude income from "safe harbor leases" (Section 168(f)(8) of the Internal
14 Revenue Code);
- 15 (i) Exclude any amount received by a producer of tobacco or a tobacco quota
16 owner from the multistate settlement with the tobacco industry, known as the
17 Master Settlement Agreement, signed on November 22, 1998;
- 18 (j) Exclude any amount received from the secondary settlement fund, referred to
19 as "Phase II," established by tobacco companies to compensate tobacco
20 farmers and quota owners for anticipated financial losses caused by the
21 national tobacco settlement;
- 22 (k) Exclude any amount received from funds of the Commodity Credit
23 Corporation for the Tobacco Loss Assistance Program as a result of a
24 reduction in the quantity of tobacco quota allotted;
- 25 (l) Exclude any amount received as a result of a tobacco quota buydown program
26 that all quota owners and growers are eligible to participate in;
- 27 (m) For taxable years beginning after December 31, 2004, and before January 1,

1 2007, exclude the distributive share income or loss received from a
2 corporation defined in subsection (24)(b) of this section whose income has
3 been subject to the tax imposed by KRS 141.040. The exclusion provided in
4 this paragraph shall also apply to a taxable year that begins prior to January 1,
5 2005, if the tax imposed by KRS 141.040 is paid on the distributive share
6 income by a corporation defined in subparagraphs 2. to 8. of subsection
7 (24)(b) of this section with a return filed for a period of less than twelve (12)
8 months that begins on or after January 1, 2005, and ends on or before
9 December 31, 2005. This paragraph shall not be used to delay payment of the
10 tax imposed by KRS 141.040; and

11 (n) Exclude state Phase II payments received by a producer of tobacco or a
12 tobacco quota owner;

13 (13) "Net income," in the case of corporations, means "gross income" as defined in
14 subsection (12) of this section minus:

15 (a) The deduction allowed by KRS 141.0202;

16 (b) Any amount paid for vouchers or similar instruments that provide health
17 insurance coverage to employees or their families;

18 (c) For taxable years beginning on or after January 1, 2010, the amount of
19 domestic production activities deduction calculated at six percent (6%) as
20 allowed in Section 199(a)(2) of the Internal Revenue Code for taxable years
21 beginning before 2010; and

22 (d) All the deductions from gross income allowed corporations by Chapter 1 of
23 the Internal Revenue Code and as modified by KRS 141.0101, except:

24 1. Any deduction for a state tax which is computed, in whole or in part, by
25 reference to gross or net income and which is paid or accrued to any
26 state of the United States, the District of Columbia, the Commonwealth
27 of Puerto Rico, any territory or possession of the United States, or to any

- 1 foreign country or political subdivision thereof;
- 2 2. The deductions contained in Sections 243, 244, 245, and 247 of the
3 Internal Revenue Code;
- 4 3. The provisions of Section 281 of the Internal Revenue Code shall be
5 ignored in computing net income;
- 6 4. Any deduction directly or indirectly allocable to income which is either
7 exempt from taxation or otherwise not taxed under the provisions of this
8 chapter, and nothing in this chapter shall be construed to permit the
9 same item to be deducted more than once;
- 10 5. Exclude expenses related to "safe harbor leases" (Section 168(f)(8) of
11 the Internal Revenue Code);
- 12 6. Any deduction for amounts paid to any club, organization, or
13 establishment which has been determined by the courts or an agency
14 established by the General Assembly and charged with enforcing the
15 civil rights laws of the Commonwealth, not to afford full and equal
16 membership and full and equal enjoyment of its goods, services,
17 facilities, privileges, advantages, or accommodations to any person
18 because of race, color, religion, national origin, or sex, except nothing
19 shall be construed to deny a deduction for amounts paid to any religious
20 or denominational club, group, or establishment or any organization
21 operated solely for charitable or educational purposes which restricts
22 membership to persons of the same religion or denomination in order to
23 promote the religious principles for which it is established and
24 maintained;
- 25 7. Any deduction prohibited by KRS 141.205;
- 26 8. Any dividends-paid deduction of any captive real estate investment trust;
27 and

- 1 9. For taxable years beginning on or after January 1, 2010, the domestic
2 production activities deduction allowed under Section 199 of the
3 Internal Revenue Code;
- 4 (14) (a) "Taxable net income," in the case of corporations that are taxable in this state,
5 means "net income" as defined in subsection (13) of this section;
- 6 (b) "Taxable net income," in the case of corporations that are taxable in this state
7 and taxable in another state, means "net income" as defined in subsection (13)
8 of this section and as allocated and apportioned under KRS 141.120. A
9 corporation is taxable in another state if, in any state other than Kentucky, the
10 corporation is required to file a return for or pay a net income tax, franchise
11 tax measured by net income, franchise tax for the privilege of doing business,
12 or corporate stock tax;
- 13 (c) "Taxable net income," in the case of homeowners' associations as defined in
14 Section 528(c) of the Internal Revenue Code, means "taxable income" as
15 defined in Section 528(d) of the Internal Revenue Code. Notwithstanding the
16 provisions of subsection (3) of this section, the Internal Revenue Code
17 sections referred to in this paragraph shall be those code sections in effect for
18 the applicable tax year; and
- 19 (d) "Taxable net income," in the case of a corporation that meets the requirements
20 established under Section 856 of the Internal Revenue Code to be a real estate
21 investment trust, means "real estate investment trust taxable income" as
22 defined in Section 857(b)(2) of the Internal Revenue Code, except that a
23 captive real estate investment trust shall not be allowed any deduction for
24 dividends paid;
- 25 (15) "Person" means "person" as defined in Section 7701(a)(1) of the Internal Revenue
26 Code;
- 27 (16) "Taxable year" means the calendar year or fiscal year ending during such calendar

- 1 year, upon the basis of which net income is computed, and in the case of a return
2 made for a fractional part of a year under the provisions of this chapter or under
3 regulations prescribed by the commissioner, "taxable year" means the period for
4 which the return is made;
- 5 (17) "Resident" means an individual domiciled within this state or an individual who is
6 not domiciled in this state, but maintains a place of abode in this state and spends in
7 the aggregate more than one hundred eighty-three (183) days of the taxable year in
8 this state;
- 9 (18) "Nonresident" means any individual not a resident of this state;
- 10 (19) "Employer" means "employer" as defined in Section 3401(d) of the Internal
11 Revenue Code;
- 12 (20) "Employee" means "employee" as defined in Section 3401(c) of the Internal
13 Revenue Code;
- 14 (21) "Number of withholding exemptions claimed" means the number of withholding
15 exemptions claimed in a withholding exemption certificate in effect under KRS
16 141.325, except that if no such certificate is in effect, the number of withholding
17 exemptions claimed shall be considered to be zero;
- 18 (22) "Wages" means "wages" as defined in Section 3401(a) of the Internal Revenue
19 Code and includes other income subject to withholding as provided in Section
20 3401(f) and Section 3402(k), (o), (p), (q), and (s) of the Internal Revenue Code;
- 21 (23) "Payroll period" means "payroll period" as defined in Section 3401(b) of the
22 Internal Revenue Code;
- 23 (24) (a) For taxable years beginning before January 1, 2005, and after December 31,
24 2006, "corporation" means "corporation" as defined in Section 7701(a)(3) of
25 the Internal Revenue Code; and
- 26 (b) For taxable years beginning after December 31, 2004, and before January 1,
27 2007, "corporations" means:

- 1 1. "Corporations" as defined in Section 7701(a)(3) of the Internal Revenue
2 Code;
- 3 2. S corporations as defined in Section 1361(a) of the Internal Revenue
4 Code;
- 5 3. A foreign limited liability company as defined in KRS 275.015;
- 6 4. A limited liability company as defined in KRS 275.015;
- 7 5. A professional limited liability company as defined in KRS 275.015;
- 8 6. A foreign limited partnership as defined in KRS 362.2-102(9);
- 9 7. A limited partnership as defined in KRS 362.2-102(14);
- 10 8. A limited liability partnership as defined in KRS 362.155(7) or in 362.1-
11 101(7) or (8);
- 12 9. A real estate investment trust as defined in Section 856 of the Internal
13 Revenue Code;
- 14 10. A regulated investment company as defined in Section 851 of the
15 Internal Revenue Code;
- 16 11. A real estate mortgage investment conduit as defined in Section 860D of
17 the Internal Revenue Code;
- 18 12. A financial asset securitization investment trust as defined in Section
19 860L of the Internal Revenue Code; and
- 20 13. Other similar entities created with limited liability for their partners,
21 members, or shareholders.

22 For purposes of this paragraph, "corporation" shall not include any publicly
23 traded partnership as defined by Section 7704(b) of the Internal Revenue Code
24 that is treated as a partnership for federal tax purposes under Section 7704(c)
25 of the Internal Revenue Code or its publicly traded partnership affiliates. As
26 used in this paragraph, "publicly traded partnership affiliates" shall include
27 any limited liability company or limited partnership for which at least eighty

1 percent (80%) of the limited liability company member interests or limited
2 partner interests are owned directly or indirectly by the publicly traded
3 partnership;

4 (25) "Doing business in this state" includes but is not limited to:

5 (a) Being organized under the laws of this state;

6 (b) Having a commercial domicile in this state;

7 (c) Owning or leasing property in this state;

8 (d) Having one (1) or more individuals performing services in this state;

9 (e) Maintaining an interest in a pass-through entity doing business in this state;

10 (f) Deriving income from or attributable to sources within this state, including
11 deriving income directly or indirectly from a trust doing business in this state,
12 or deriving income directly or indirectly from a single-member limited
13 liability company that is doing business in this state and is disregarded as an
14 entity separate from its single member for federal income tax purposes; or

15 (g) Directing activities at Kentucky customers for the purpose of selling them
16 goods or services.

17 Nothing in this subsection shall be interpreted in a manner that goes beyond the
18 limitations imposed and protections provided by the United States Constitution or
19 Pub. L. No. 86-272;

20 (26) "Pass-through entity" means any partnership, S corporation, limited liability
21 company, limited liability partnership, limited partnership, or similar entity
22 recognized by the laws of this state that is not taxed for federal purposes at the
23 entity level, but instead passes to each partner, member, shareholder, or owner their
24 proportionate share of income, deductions, gains, losses, credits, and any other
25 similar attributes;

26 (27) "S corporation" means "S corporation" as defined in Section 1361(a) of the Internal
27 Revenue Code;

- 1 (28) "Limited liability pass-through entity" means any pass-through entity that affords
2 any of its partners, members, shareholders, or owners, through function of the laws
3 of this state or laws recognized by this state, protection from general liability for
4 actions of the entity; and
- 5 (29) "Captive real estate investment trust" means a real estate investment trust as defined
6 in Section 856 of the Internal Revenue Code that meets the following requirements:
- 7 (a) 1. The shares or other ownership interests of the real estate investment trust
8 are not regularly traded on an established securities market; or
9 2. The real estate investment trust does not have enough shareholders or
10 owners to be required to register with the Securities and Exchange
11 Commission; and
- 12 (b) 1. The maximum amount of stock or other ownership interest that is owned
13 or constructively owned by a corporation equals or exceeds:
- 14 a. Twenty-five percent (25%), if the corporation does not occupy
15 property owned, constructively owned, or controlled by the real
16 estate investment trust; or
17 b. Ten percent (10%), if the corporation occupies property owned,
18 constructively owned, or controlled by the real estate investment
19 trust.
- 20 The total ownership interest of a corporation shall be determined by
21 aggregating all interests owned or constructively owned by a
22 corporation;
- 23 2. For the purposes of this paragraph:
- 24 a. "Corporation" means a corporation taxable under KRS 141.040,
25 and includes an affiliated group as defined in KRS 141.200, that is
26 required to file a consolidated return pursuant to the provisions of
27 KRS 141.200; and

1 b. "Owned or constructively owned" means owning shares or having
 2 an ownership interest in the real estate investment trust, or owning
 3 an interest in an entity that owns shares or has an ownership
 4 interest in the real estate investment trust. Constructive ownership
 5 shall be determined by looking across multiple layers of a
 6 multilayer pass-through structure; and

7 (c) The real estate investment trust is not owned by another real estate investment
 8 trust.

9 ➔Section 3. KRS 141.0101 is amended to read as follows:

10 (1) *(a) The provisions of subsections (2) to (11) of this section shall apply to*
 11 *taxable years beginning before January 1, 1994.*

12 *(b) The provisions of subsections (12) to (15) of this section shall apply to*
 13 *taxable years beginning after December 31, 1993.*

14 *(c) The provisions of subsection (16) of this section apply to property placed in*
 15 *service after September 10, 2001.*

16 ~~(2)~~ For property placed in service prior to January 1, 1990, in lieu of the depreciation
 17 and expense deductions allowed under Internal Revenue Code Sections 168 and
 18 179, a deduction for a reasonable allowance for depreciation, exhaustion, wear and
 19 tear, and obsolescence of property used in a trade or business shall be allowed and
 20 computed as set out in subsections ~~(3)(2)~~ to ~~(11)(10)~~ of this section. For property
 21 placed in service after December 31, 1989, the depreciation and expense deductions
 22 allowed under Sections 168 and 179 of the Internal Revenue Code shall be allowed.

23 ~~(3)(2)~~ Effective August 1, 1985, "reasonable allowance" as used in subsection
 24 ~~(2)(1)~~ of this section shall mean depreciation computed in accordance with
 25 Section 167 of the Internal Revenue Code and related regulations in effect on
 26 December 31, 1980, for all property placed in service on or after January 1, 1981,
 27 except as provided in subsections ~~(6)(5)~~ to ~~(8)(7)~~ of this section.

1 ~~(4)~~~~(3)~~ Depreciation of property placed in service prior to January 1, 1981, shall be
2 computed under Section 167 of the Internal Revenue Code, and the method elected
3 thereunder at the time the property was first placed in service or as changed with the
4 approval of the Commissioner of Internal Revenue Service or as required by
5 changes in federal regulations.

6 ~~(5)~~~~(4)~~ Taxpayers other than corporations shall be allowed to deduct as depreciation
7 on recovery property placed in service before August 1, 1985, an amount calculated
8 under Section 168 of the Internal Revenue Code subject to the provisions of
9 subsections ~~(6)~~~~(5)~~ and ~~(8)~~~~(7)~~ of this section. Corporations with a taxable year
10 beginning on or after July 1, 1984, and before August 1, 1985, shall calculate a
11 deduction for depreciation on recovery property placed in service prior to August 1,
12 1985, using either of the following alternative methods:

- 13 (a) Dividing the total of the deductions allowed under Internal Revenue Code
14 Section 168 by one and four tenths (1.4); and
15 (b) Calculating the deduction that would be allowed or allowable under the
16 provisions of Section 167 of the Internal Revenue Code.

17 ~~(6)~~~~(5)~~ Recovery property placed in service on or after January 1, 1981, and before
18 August 1, 1985, and subject to transition under subsection ~~(8)~~~~(7)~~ of this section,
19 shall be subject to depreciation under Section 167 of the Internal Revenue Code,
20 restricted to the straight line method therein provided over the remaining useful life
21 of such assets.

22 ~~(7)~~~~(6)~~ Depreciation of property placed in service on or after August 1, 1985, shall be
23 computed under Section 167 of the Internal Revenue Code.

24 ~~(8)~~~~(7)~~ Transition from Section 168 of the Internal Revenue Code, Accelerated Cost
25 Recovery System (ACRS) depreciation, to the depreciation allowed or allowable
26 under this section shall be reported in the first taxable year beginning on or after
27 August 1, 1985. To implement the transition, the following adjustments shall be

1 made:

2 (a) Taxpayers other than corporations shall use the adjusted Kentucky basis for
3 property placed in service on or after January 1, 1981. "Adjusted Kentucky
4 basis" means the basis used for determining depreciation under Section 168 of
5 the Internal Revenue Code less the allowed or allowable depreciation and
6 adjustment for election to expense an asset (Section 179 of the Internal
7 Revenue Code);

8 (b) Corporations shall adjust the federal unadjusted basis by increasing such basis
9 by the ACRS depreciation not allowed as a deduction in determining
10 Kentucky net income for tax years beginning after June 30, 1984, less allowed
11 or allowable ACRS depreciation for federal income tax purposes.
12 Corporations will not be permitted to adjust the basis by the ACRS
13 depreciation not allowed for Kentucky income tax purposes in tax years
14 beginning on or before June 30, 1984.

15 ~~(9)~~~~(8)~~ A taxpayer may elect to treat the cost of property placed in service on or
16 before July 31, 1985, as an expense as provided in Section 179 of the Internal
17 Revenue Code in effect on December 31, 1981, except that the aggregate cost which
18 may be expensed for corporations shall not exceed five thousand dollars (\$5,000). A
19 taxpayer may elect to treat the cost of property placed in service on or after August
20 1, 1985, as an expense as provided in Section 179 of the Internal Revenue Code in
21 effect on December 31, 1980. Computations, limitations, definitions, exceptions,
22 and other provisions of Section 179 of the Internal Revenue Code and related
23 regulations shall be construed to govern the computation of the allowable
24 deduction.

25 ~~(10)~~~~(9)~~ Upon the sale, exchange, or disposition of any depreciable property placed in
26 service on or after January 1, 1981, capital gains or losses and the amount of
27 ordinary income determined under the provisions of the Internal Revenue Code

1 shall be computed for Kentucky income tax purposes as follows:

- 2 (a) Compute the Kentucky unadjusted basis which is the cost of the asset reduced
 3 by any basis adjustment made by the taxpayer under Section 48(q)(1) of the
 4 Internal Revenue Code and any expense allowed and utilized under Section
 5 179 of the Internal Revenue Code (First Year Expense) in determining
 6 Kentucky net income in prior years, and
- 7 (b) Compute the adjusted basis by subtracting the depreciation allowed or
 8 allowable for Kentucky income tax purposes from the unadjusted basis,
 9 except corporations will not be permitted to adjust the basis of assets by the
 10 ACRS depreciation not allowed for Kentucky income tax purposes in the tax
 11 years beginning on or before June 30, 1984, and
- 12 (c) Compute the gain or loss by subtracting the adjusted basis from the value
 13 received from the disposition of the depreciable property, and
- 14 (d) Compute the recapture of depreciation required under Sections 1245 through
 15 1256 of the Internal Revenue Code and related regulations, and
- 16 (e) Unless otherwise provided in this subsection the provisions of the Internal
 17 Revenue Code and related regulations governing the determination of capital
 18 gains or losses shall apply for Kentucky income tax purposes.

19 ~~(11)~~ Unless otherwise provided by this chapter, the basis of property placed in
 20 service prior to January 1, 1990, for purposes of Kentucky income tax shall be the
 21 basis, adjusted or unadjusted, required to be used under Section 167 of the Internal
 22 Revenue Code in effect on December 31, 1980.

23 ~~{(11) The provisions of subsections (1) to (10) of this section shall apply to taxable years~~
 24 ~~beginning before January 1, 1994, and the provisions of subsections (12) to (15)~~
 25 ~~shall apply to taxable years beginning after December 31, 1993.}~~

26 (12) As used in this subsection to subsection (14) of this section:

- 27 (a) "Transition property" means any property placed in service before the first day

1 of the first taxable year beginning after December 31, 1993, and owned by the
2 taxpayer on the first day of the first taxable year beginning after December 31,
3 1993.

4 (b) "Adjusted Kentucky basis" means the amount computed in accordance with
5 the provisions of paragraph (b) of subsection ~~(10)~~⁽⁹⁾ of this section for
6 transition property.

7 (c) "Adjusted federal basis" means the original cost, or, in the case of Section 338
8 property, the adjusted grossed-up basis of transition property less:

9 1. Any basis adjustments required by the Internal Revenue Code for
10 credits; and

11 2. The total accumulated depreciation and election to expense deductions
12 allowed or allowable for federal income tax purposes.

13 (d) "Section 338 property" means property to which an adjusted grossed-up basis
14 has been allocated pursuant to a valid election made by a purchasing
15 corporation under the provisions of Section 338 of the Internal Revenue Code.

16 (e) "Transition amount" means the net difference between the adjusted Kentucky
17 basis and the adjusted federal basis of all transition property determined as of
18 the first day of the first taxable year beginning after December 31, 1993.

19 (13) For taxable years beginning after December 31, 1993, the amounts of depreciation
20 and election to expense deductions, allowed or allowable, the basis of assets,
21 adjusted or unadjusted, and the gain or loss from the sale or other disposition of
22 assets shall be the same for Kentucky income tax purposes as determined under
23 Chapter 1 of the Internal Revenue Code.

24 (14) For taxable years beginning after December 31, 1993, the transition amount
25 computed in accordance with the provisions of paragraph (e) of subsection (12) of
26 this section shall be reported by the taxpayer as follows:

27 (a) In the first taxable year beginning after December 31, 1993, and the eleven

1 (11) succeeding taxable years, the taxpayer shall include in gross income one-
2 twelfth (1/12) of the transition amount if:

- 3 1. The adjusted federal basis of transition property exceeds the adjusted
4 Kentucky basis of transition property;
- 5 2. The transition amount exceeds five million dollars (\$5,000,000);
- 6 3. The transition amount includes property for which an election was made
7 under Section 338 of the Internal Revenue Code; and
- 8 4. The taxpayer elects the provisions of this paragraph with the filing of an
9 amended income tax return for the first taxable year beginning after
10 December 31, 1993.

11 (b) In the first taxable year beginning after December 31, 1993 and the three (3)
12 succeeding taxable years, if the transition amount exceeds one hundred
13 thousand dollars (\$100,000), or if the transition amount does not exceed one
14 hundred thousand dollars (\$100,000) and the taxpayer elects the provision of
15 this paragraph with the filing of the income tax return for the first taxable year
16 beginning after December 31, 1993, the taxpayer shall:

- 17 1. Deduct from gross income twenty-five percent (25%) of the transition
18 amount if the adjusted Kentucky basis of transition property exceeds the
19 adjusted federal basis of transition property; or
- 20 2. Add to gross income twenty-five percent (25%) of the transition amount
21 if the adjusted federal basis of transition property exceeds the adjusted
22 Kentucky basis of transition property.

23 (c) In the first taxable year beginning after December 31, 1993, if the transition
24 amount does not exceed one hundred thousand dollars (\$100,000) and the
25 taxpayer does not elect the provisions of paragraph (b) of this subsection, the
26 taxpayer shall:

- 27 1. Deduct from gross income the total transition amount if the adjusted

1 Kentucky basis of transition property exceeds the adjusted federal basis
2 of transition property; or

3 2. Add to gross income the total transition amount if the adjusted federal
4 basis of transition property exceeds the adjusted Kentucky basis of
5 transition property.

6 (15) Notwithstanding any other provision of this section to the contrary, any qualified
7 farming operation, as defined in KRS 141.410, shall be allowed to compute the
8 depreciation deduction for new buildings and equipment purchased to enable
9 participation in a networking project, as defined in KRS 141.410, on an accelerated
10 basis at two (2) times the rate that would otherwise be permitted under the
11 provisions of this section. The accumulated depreciation allowed under this
12 subsection shall not exceed the taxpayer's basis in such property.

13 **(16) For property placed in service after September 10, 2001, only the depreciation**
14 **and expense deductions allowed under Sections 168 and 179 of the Internal**
15 **Revenue Code in effect on December 31, 2001, exclusive of any amendments**
16 **made subsequent to that date, shall be allowed.**

17 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 393 IS CREATED TO
18 READ AS FOLLOWS:

19 **(1) As used in this section:**

20 **(a) "Book-entry bond" means a savings bond maintained by the United States**
21 **Treasury in electronic or paperless form as a computer record;**

22 **(b) "Definitive bond" means a savings bond issued by the United States**
23 **Treasury in paper form;**

24 **(c) "Final maturity" means the date a United States savings bond ceases to**
25 **earn interest; and**

26 **(d) "United States savings bond" means a book-entry bond or definitive bond**
27 **issued by the United States Treasury.**

- 1 (2) This section shall apply to the escheat of United States savings bonds to the
2 Commonwealth of Kentucky.
- 3 (3) A United States savings bond held or owing in this state by any person, or issued
4 or owed in the course of a holder's business, or by a state or other government,
5 governmental subdivision, agency, or instrumentality, and all proceeds thereof,
6 shall be presumed abandoned in this state if:
- 7 (a) The last known address of the owner of the United States savings bond is in
8 this state; and
- 9 (b) The United States savings bond has remained unclaimed and unredeemed
10 for three (3) years after final maturity.
- 11 (4) United States savings bonds which are presumed abandoned under subsection (3)
12 of this section shall escheat to the Commonwealth of Kentucky three (3) years
13 after becoming abandoned property, and all property rights and legal title to and
14 ownership of the United States savings bonds or proceeds from the bonds,
15 including all rights, powers, and privileges of survivorship of any owner, co-
16 owner, or beneficiary, shall vest solely in the Commonwealth of Kentucky
17 according to the procedure set forth in subsections (5) to (8) of this section.
- 18 (5) If no claim has been filed in accordance with the provisions of this chapter, the
19 department shall commence a civil action in the Franklin Circuit Court for a
20 determination that United States savings bonds have escheated to the
21 Commonwealth of Kentucky and the Commonwealth of Kentucky is the owner of
22 the savings bonds.
- 23 (6) (a) The department shall provide notice of the action by publication in at least
24 two (2) newspapers of statewide circulation in accordance with the
25 provisions of KRS 424.110 to 424.215.
- 26 (b) The notice shall list all persons to be served and shall notify those persons
27 that:

- 1 1. The person has been sued in a named court;
- 2 2. The person must answer the petition or other pleading or otherwise
- 3 respond, on or before a specified date not less than fifty (50) days after
- 4 the date the notice is first published; and
- 5 3. If the person does not answer or otherwise respond, the petition or
- 6 other pleading shall be taken as true and judgment, the nature of
- 7 which shall be stated, will be rendered accordingly.

8 (7) Prior to providing notice by publication as required by subsection (6) of this
 9 section, the Treasurer or his or her designee shall file with the court an affidavit
 10 stating all the following that apply:

- 11 (a) 1. The residences of all named persons sought to be served, if known;
- 12 2. The names of all persons whose residences are unknown after
- 13 reasonable effort to ascertain them; and
- 14 3. The specific efforts made to ascertain the unknown residences;
- 15 (b) That the affiant has made a reasonable but unsuccessful effort to ascertain
- 16 the names and residences of any persons sought to be served as unknown
- 17 parties, and the specific efforts made to ascertain the names and residences;
- 18 (c) That the department is unable to obtain service of summons on the persons
- 19 in the state; and
- 20 (d) That the case is one in which the department, with due diligence, is unable
- 21 to serve summons on the person in this state and:
 - 22 1. The case relates to personal property in this state, if any person has or
 - 23 claims an interest in the property; or
 - 24 2. In which the relief demanded consists wholly or partly in excluding
 - 25 the person from any interest in the property.

26 (8) If:

- 27 (a) No person files a claim or appears at the hearing to substantiate a claim; or

1 (b) The court determines that a claimant is not entitled to the property claimed
 2 by the claimant;

3 then the court, if satisfied by the evidence that the department has substantially
 4 complied with the laws of the Commonwealth, shall enter a judgment that the
 5 subject United States savings bonds have escheated to the Commonwealth of
 6 Kentucky, and all property rights and legal title to and ownership of the United
 7 States savings bonds or proceeds from the bonds, including all rights, powers,
 8 and privileges of survivorship of any owner, co-owner, or beneficiary, shall vest
 9 solely in the Commonwealth of Kentucky.

10 (9) The department shall redeem the United States savings bonds escheated to the
 11 Commonwealth, and the proceeds from the redemption shall be deposited into a
 12 separate subsidiary account of the abandoned property fund.

13 (10) After a judgment of escheat has been entered pursuant to subsection (8) of this
 14 section, the Treasurer or his or her designee may, at his or her discretion, make
 15 full or partial payment of requests for the proceeds of United States savings bonds
 16 to persons to whom, in the opinion of the Treasurer or his or her designee, the
 17 Commonwealth should in fairness and equity allow payment.

18 ➔Section 5. KRS 393.068 is amended to read as follows:

19 (1) All tangible personal property or intangible personal property, including choses in
 20 action in amounts certain, and all debts owed or entrusted funds or other property
 21 held by the federal government or any federal agency, or any officer, or appointee
 22 thereof, shall be presumed abandoned in this state if the last known address of the
 23 owner of the property is in this state and the property has remained unclaimed for
 24 three (3)[five (5)] years.

25 (2) The federal government or any federal agency thereof which pays or delivers
 26 abandoned property to the department under this section is relieved of all liability to
 27 the extent of the value of the property so paid or delivered for any claim which then

1 exists or which thereafter may arise or be made in respect to the property.

- 2 (3) The federal government or any federal agency thereof may deduct from the amounts
3 to be paid or delivered to the department the proportionate share of the actual and
4 necessary costs of examining records and reporting such information.

5 ➔ Section 6. KRS 138.511 is amended to read as follows:

6 As used in KRS 138.510 to 138.550:

7 (1) **"Advanced deposit account wagering" has the same meaning as in KRS 230.210;**

8 (2) **"Advanced deposit account wagering license" has the same meaning as in KRS**
9 **230.210**["Commission" means the Kentucky Horse Racing Commission];

10 (3){(2)} "Association" has the same meaning as in KRS 230.210;

11 (4) **"Commission" means the Kentucky Horse Racing Commission;**

12 (5){(3)} "Daily average live handle" means:

13 (a) The **handle from wagers made**{total amount wagered} at a track on live
14 racing **during the fiscal year, excluding amounts**{and does not include
15 **money**} wagered:

16 **1.**{(a)} At a receiving track;

17 **2.**{(b)} At a simulcast facility;

18 **3.**{(c)} On telephone account wagering;

19 **4.**{(d)} Through advance deposit account wagering;{or}

20 **5.**{(e)} At a track participating as a receiving track or simulcast facility
21 displaying simulcasts and conducting interstate wagering as permitted by
22 KRS 230.3771 and 230.3773; **and**

23 **6. Beginning April 1, 2014, on historical horse races;**

24 **divided by:**

25 (b) **The total number of days that live racing was conducted at the track during**
26 **the fiscal year;**

27 (6){(4)} "Department" means the Department of Revenue;

- 1 ~~(7)~~~~(5)~~ "Fiscal year" means a time frame beginning 12:01 a.m. July 1, and ending 12
 2 midnight June 30;
- 3 **(8) "Handle" means total wagers made on a race;**
- 4 **(9) (a) "Historical horse race" means any horse race that:**
- 5 **1. Was previously run at a licensed pari-mutuel facility in the United**
 6 **States;**
- 7 **2. Concluded with official results; and**
- 8 **3. Concluded without scratches, disqualifications, or dead-heat finishes.**
- 9 **(b) As used in this subsection, the terms "pari-mutuel," "scratch,"**
 10 **"disqualification," and "dead heat" have the same meaning as established**
 11 **by the commission pursuant to an administrative regulation promulgated**
 12 **under KRS Chapter 13A;**
- 13 ~~(10)~~~~(6)~~ "Host track" has the same meaning as in KRS 230.210;
- 14 ~~(11)~~~~(7)~~ "Interstate wagering" has the same meaning as in KRS 230.210;
- 15 ~~(12)~~~~(8)~~ "Intertrack wagering" has the same meaning as in KRS 230.210;
- 16 **(13) "Kentucky resident" means:**
- 17 **(a) An individual domiciled within this state;**
- 18 **(b) An individual who maintains a place of abode in this state and spends, in**
 19 **the aggregate, more than one hundred eighty-three (183) days of the taxable**
 20 **year in this state; or**
- 21 **(c) An individual who lists a Kentucky address as his or her principal place of**
 22 **residence when applying for an account to participate in advance deposit**
 23 **account wagering;**
- 24 ~~(14)~~~~(9)~~ "Receiving track" has the same meaning as in KRS 230.210;
- 25 ~~(15)~~~~(10)~~ "Simulcast facility" has the same meaning as in KRS 230.210;
- 26 **(16) "Takeout" means that portion of the handle which is distributed to persons other**
 27 **than those making wagers;**

1 ~~(17)~~~~(11)~~ "Telephone account wagering" has the same meaning as in KRS 230.210; and

2 ~~(18)~~~~(12)~~ "Track" has the same meaning as in KRS 230.210.

3 → Section 7. KRS 138.510 is amended to read as follows:

4 (1) (a) Except as provided in ~~paragraph~~~~(b) and~~ (d) of this subsection,
5 an excise tax is imposed on all tracks conducting pari-mutuel wagering on live
6 racing under the jurisdiction of the commission ~~as follows:~~

7 1. For each track with a daily average live handle of one million two
8 hundred thousand dollars (\$1,200,000) or above, the tax shall be in the
9 amount of three and one-half percent (3.5%) of all money wagered on
10 live races at the track during the fiscal year; ~~and~~

11 2. For each track with a daily average live handle under one million two
12 hundred thousand dollars (\$1,200,000), the tax shall be one and one-half
13 percent (1.5%) of all money wagered on live races at the track during the
14 fiscal year.

15 (b) *Beginning on April 1, 2014, an excise tax is imposed on all tracks*
16 *conducting pari-mutuel wagering on historical horse races under the*
17 *jurisdiction of the commission at a rate of one and one-half percent (1.5%)*
18 *of all money wagered on historical horse races at the track during the fiscal*
19 *year*^{1.} — If:

20 a. — A track located in this state is the host track for a live one (1) or
21 two (2) day international horse racing event in 2010 that distributes
22 in excess of a total of fifteen million dollars (\$15,000,000) in
23 purses during the international horse racing event; and

24 b. — On or before November 4, 2010, the organization responsible for
25 selecting the location of the same international horse racing event
26 in subsequent years contractually agrees to conduct the
27 international horse racing event at a host track in this state in

- 1 calendar year 2011 or 2012 or calendar years 2011 and 2012;
- 2 ~~then the excise tax imposed by paragraph (a) of this subsection shall not~~
- 3 ~~be imposed on pari-mutuel wagering on any live racing conducted~~
- 4 ~~during the one (1) or two (2) day international horse racing event held at~~
- 5 ~~a host track within this state in calendar years 2010 through 2012.~~
- 6 2. ~~Beginning January 1, 2013, if the requirements of subparagraph 1. of~~
- 7 ~~this paragraph are satisfied, the tax exemption established by~~
- 8 ~~subparagraph 1. of this paragraph shall remain in effect for any~~
- 9 ~~succeeding one (1) or two (2) day international horse racing event if the~~
- 10 ~~event returns within three (3) years of a previously held international~~
- 11 ~~horse racing event.~~
- 12 3. ~~A minimum of five hundred thousand dollars (\$500,000) of the amount~~
- 13 ~~that would have been paid to the Commonwealth but for the exemption~~
- 14 ~~provided by this paragraph shall be used by the host track to fund~~
- 15 ~~undercard races during each international horse racing event.~~
- 16 4. ~~Notwithstanding paragraph (c) of this subsection, if the requirements of~~
- 17 ~~subparagraph 1.a. of this paragraph are satisfied but the requirements of~~
- 18 ~~subparagraph 1.b. of this paragraph are not, then the excise tax imposed~~
- 19 ~~by paragraph (a) of this subsection shall be imposed on pari-mutuel~~
- 20 ~~wagering on any live racing conducted during the one (1) or two (2) day~~
- 21 ~~international horse racing event and the total amount of revenue~~
- 22 ~~collected shall be distributed as follows:~~
- 23 a. ~~Eighty percent (80%) shall be deposited into the Thoroughbred~~
- 24 ~~development fund established in KRS 230.400;~~
- 25 b. ~~Thirteen percent (13%) shall be deposited into the standardbred~~
- 26 ~~development fund established in KRS 230.770; and~~
- 27 c. ~~Seven percent (7%) shall be deposited into the Kentucky quarter~~

1 horse, Appaloosa, and Arabian development fund established in
2 KRS 230.445].

3 (c) Money shall be deducted from the tax paid under ~~paragraphs~~[~~paragraph~~] (a)
4 **and (b)** of this subsection and deposited as follows:

5 1. An amount equal to three-quarters of one percent (0.75%) of all money
6 wagered on live races **and historical horse races** at the track for
7 Thoroughbred racing shall be deposited in the Thoroughbred
8 development fund established in KRS 230.400;

9 2. An amount equal to one percent (1%) of all money wagered on live
10 races **and historical horse races** at the track for harness racing shall be
11 deposited in the Kentucky standardbred development fund established in
12 KRS 230.770;

13 3. An amount equal to one percent (1%) of all money wagered on live
14 races **and historical horse races** at the track for quarter horse,
15 Appaloosa, and Arabian horse racing shall be deposited in the Kentucky
16 quarter horse, Appaloosa, and Arabian development fund established by
17 KRS 230.445;[-]

18 4. An amount equal to two-tenths of one percent (0.2%) of all money
19 wagered on live races **and historical horse races** at the track shall be
20 deposited in the equine industry program trust and revolving fund
21 established by KRS 230.550 to support the Equine Industry Program at
22 the University of Louisville, **except that the amount deposited from**
23 **money wagered on historical horse races in any fiscal year shall not**
24 **exceed six hundred fifty thousand dollars (\$650,000);**

25 5. a. An amount equal to one-tenth of one percent (0.1%) of all money
26 wagered on live races **and historical horse races** at the track shall
27 be deposited in a trust and revolving fund to be used for the

1 construction, expansion, or renovation of facilities or the purchase
 2 of equipment for equine programs at state universities, except that
 3 the amount deposited from money wagered on historical horse
 4 races in any fiscal year shall not exceed three hundred twenty
 5 thousand dollars (\$320,000).

6 b. These funds shall not be used for salaries or for operating funds for
 7 teaching, research, or administration. Funds allocated under this
 8 subparagraph shall not replace other funds for capital purposes or
 9 operation of equine programs at state universities.

10 c. The Kentucky Council on Postsecondary Education shall serve as
 11 the administrative agent and shall establish an advisory committee
 12 of interested parties, including all universities with established
 13 equine programs, to evaluate proposals and make
 14 recommendations for the awarding of funds.

15 d. The Kentucky Council on Postsecondary Education may
 16 promulgate administrative regulations to establish procedures for
 17 administering the program and criteria for evaluating and awarding
 18 grants; and

19 6. An amount equal to one-tenth of one percent (0.1%) of all money
 20 wagered on live races and historical horse races shall be distributed to
 21 the commission to support equine drug testing as provided in KRS
 22 230.265(3), except that the amount deposited from money wagered on
 23 historical horse races in any fiscal year shall not exceed three hundred
 24 twenty thousand dollars (\$320,000).

25 (d) The excise tax imposed by paragraph (a) of this subsection shall not apply to
 26 pari-mutuel wagering on live harness racing at a county fair.

27 (e) The excise tax imposed by paragraph (a) of this subsection, and the

1 distributions provided for in paragraph (c) of this subsection, shall apply to
 2 money wagered on historical horse races beginning September 1, 2011,
 3 through March 31, 2014, and historical horse races shall be considered live
 4 racing for purposes of determining the daily average live handle. Beginning
 5 April 1, 2014, the tax imposed by paragraph (b) of this subsection shall
 6 apply to money wagered on historical horse races.

7 (2) (a) Except as provided in ~~paragraph~~^{paragraphs} (c) ~~and (d)~~ of this subsection,
 8 an excise tax is imposed on:

- 9 1. All tracks conducting telephone account wagering;
- 10 2. All tracks participating as receiving tracks in intertrack wagering under
 11 the jurisdiction of the commission; and
- 12 3. All tracks participating as receiving tracks displaying simulcasts and
 13 conducting interstate wagering thereon.

14 (b) The tax shall be three percent (3%) of all money wagered on races as provided
 15 in paragraph (a) of this subsection during the fiscal year.

16 (c) A noncontiguous track facility approved by the commission on or after
 17 January 1, 1999, shall be exempt from the tax imposed under this subsection,
 18 if the facility is established and operated by a licensed track which has a total
 19 annual handle on live racing of two hundred fifty thousand dollars (\$250,000)
 20 or less. The amount of money exempted under this paragraph shall be retained
 21 by the noncontiguous track facility, KRS 230.3771 and 230.378
 22 notwithstanding.

23 (d) ~~{1. A track located in this state shall be exempt from the excise tax imposed~~
 24 ~~by paragraph (b) of this subsection on wagers placed on all races~~
 25 ~~conducted at a one (1) or two (2) day international horse racing event if:~~
 26 ~~a. The international horse racing event is conducted at a host track in~~
 27 ~~this state; and~~

1 ~~b. The host track is exempt from the excise tax during the~~
 2 ~~international horse racing event under subsection (1)(b) of this~~
 3 ~~section.~~

4 ~~2. Notwithstanding paragraph (c) of this subsection, if the host track is not~~
 5 ~~exempt and is taxed pursuant to subsection (1)(b)4. of this section, then~~
 6 ~~the excise tax imposed by paragraphs (a) and (b) of this subsection shall~~
 7 ~~be imposed on wagers placed on all races conducted at the one (1) or~~
 8 ~~two (2) day international horse racing event and the total amount of~~
 9 ~~revenue collected shall be distributed as follows:~~

10 ~~a. Eighty percent (80%) shall be deposited into the Thoroughbred~~
 11 ~~development fund established in KRS 230.400;~~

12 ~~b. Thirteen percent (13%) shall be deposited into the standardbred~~
 13 ~~development fund established in KRS 230.770; and~~

14 ~~c. Seven percent (7%) shall be deposited into the Kentucky quarter~~
 15 ~~horse, Appaloosa, and Arabian development fund established in~~
 16 ~~KRS 230.445.~~

17 ~~(e) Money shall be deducted from the tax paid under paragraphs (a) and (b) of~~
 18 ~~this subsection as follows:~~

19 1. An amount equal to two percent (2%) of the amount wagered shall be
 20 deposited as follows:

21 a. In the Thoroughbred development fund established in KRS
 22 230.400 if the host track is conducting a Thoroughbred race
 23 meeting or the interstate wagering is conducted on a Thoroughbred
 24 race meeting;

25 b. In the Kentucky standardbred development fund established in
 26 KRS 230.770, if the host track is conducting a harness race
 27 meeting or the interstate wagering is conducted on a harness race

1 meeting; or

2 c. In the Kentucky quarter horse, Appaloosa, and Arabian
3 development fund established by KRS 230.445, if the host track is
4 conducting a quarter horse, Appaloosa, or Arabian horse race
5 meeting or the interstate wagering is conducted on a quarter horse,
6 Appaloosa, or Arabian horse race meeting;

7 2. An amount equal to one-twentieth of one percent (0.05%) of the amount
8 wagered shall be allocated to the equine industry program trust and
9 revolving fund established by KRS 230.550 to be used to support the
10 Equine Industry Program at the University of Louisville;

11 3. An amount equal to one-tenth of one percent (0.1%) of the amount
12 wagered shall be deposited in a trust and revolving fund to be used for
13 the construction, expansion, or renovation of facilities or the purchase of
14 equipment for equine programs at state universities, as detailed in
15 subsection (1)(c)5. of this section; and

16 4. An amount equal to one-tenth of one percent (0.1%) of the amount
17 wagered shall be distributed to the commission to support equine drug
18 testing as provided in KRS 230.265(3).

19 (3) The taxes imposed by this section shall be paid, collected, and administered as
20 provided in KRS 138.530.

21 ➔SECTION 8. A NEW SECTION OF KRS 138.510 TO 138.550 IS CREATED
22 TO READ AS FOLLOWS:

23 **(1) Beginning August 1, 2014, an excise tax is imposed on all advance deposit**
24 **account wagering licensees licensed under KRS 236.260 at a rate of one-half of**
25 **one percent (0.5%) of all amounts wagered through the licensee by Kentucky**
26 **residents.**

27 **(2) The tax imposed by this section shall be paid, collected, administered, and**

1 **distributed as provided in Section 9 of this Act.**

2 ➔Section 9. KRS 138.530 is amended to read as follows:

3 (1) The department shall enforce the provisions of and collect the tax and penalties
4 imposed and other payments required by KRS 138.510 to 138.550, and in doing so
5 it shall have the general powers and duties granted it in KRS Chapters 131 and 135,
6 including the power to enforce, by an action in the Franklin Circuit Court, the
7 collection of the tax, penalties and other payments imposed or required by KRS
8 138.510 to 138.550.

9 (2) (a) The remittance of the taxes imposed by KRS 138.510 shall be made weekly to
10 the department no later than the fifth business day, excluding Saturday and
11 Sunday, following the close of each week of racing, during each race meeting,
12 **and following the close of each week when historical horse races are**
13 **conducted**, and shall be accompanied by reports as prescribed by the
14 department.

15 (b) **Except as otherwise provided in KRS 138.510 to 138.550**, all funds received
16 by the department **from the taxes imposed by Section 7 of this Act** shall be
17 paid into the State Treasury and shall be credited to the general {expenditure
18 }fund.

19 ~~(c)(3)~~ The supervisor of pari-mutuel betting appointed by the commission shall
20 weekly, during each race meeting, **and during each week when historical**
21 **horse races are conducted**, report to the department the total amount bet or
22 handled the preceding week and the amount of tax due the state thereon, under
23 the provisions of KRS 138.510 to 138.550.

24 ~~(d)(4)~~ The supervisor of pari-mutuel betting appointed by the commission or
25 his or her duly authorized representatives shall, at all reasonable times, have
26 access to all books, records, issuing or vending machines, adding machines,
27 and all other pari-mutuel equipment for the purpose of examining and

1 checking the same and ascertaining whether or not the proper amount or
2 amounts due the state are being or have been paid.

3 ~~(e) [(5) —]~~ Every person, corporation, or association required to pay the tax
4 imposed by KRS 138.510 shall keep its books and records so as to clearly
5 show by a separate record the total amount of money contributed to every
6 pari-mutuel pool.

7 (3) (a) The remittance of the tax imposed by Section 8 of this Act shall be made
8 weekly to the department no later than the first business day of the week
9 next succeeding the week during which the wagers forming the base of the
10 tax were received.

11 (b) Along with the remittance of the tax, each advance deposit account
12 wagering licensee shall file a return that includes the information required
13 by the department.

14 (c) Every advance deposit account wagering licensee shall keep its books and
15 records in such a manner that:

16 1. Kentucky residents having accounts with the advance deposit account
17 wagering licensee can be individually identified and their identity and
18 residence verified; and

19 2. The amount wagered through each account held by a Kentucky
20 resident and the date of each wager can be determined and verified.

21 (d) All books and records of the advance deposit account wagering licensee
22 required by paragraph (c) of this subsection and any books and records that
23 the department requires a licensee to maintain through promulgation of an
24 administrative regulation shall be open to inspection by the department and
25 the commission.

26 (e) All revenue received by the department from the tax imposed by Section 8 of
27 this Act shall be distributed as follows:

1 1. Fifteen percent (15%) shall be distributed to the Commonwealth and
 2 credited to the general fund; and

3 2. a. Eighty-five percent (85%) of revenue received from a wager
 4 placed on a race conducted at a track in Kentucky shall be
 5 distributed to the association that conducted the race;

6 b. Eighty-five percent (85%) of revenue received from a wager
 7 placed on a race conducted at a track outside Kentucky shall be
 8 distributed to the Kentucky track that is recognized as the host
 9 track by the commission at the time the wager is placed.

10 However, if a wager subject to the tax imposed by Section 8 of
 11 this Act is placed on a race conducted at a track outside
 12 Kentucky, and the individual placing the wager has registered an
 13 address with the advance deposit account wagering licensee that
 14 is within twenty-five (25) miles of a Kentucky track, the
 15 association licensed by the commission to operate that track
 16 shall receive the tax revenue derived from that wager; and

17 c. An association receiving distributions under subdivisions a. and
 18 b. of this subparagraph shall allocate one-half (1/2) of the
 19 amount distributed to its purse account.

20 ➔Section 10. KRS 138.550 is amended to read as follows:

21 In addition to all other penalties provided in KRS 138.510 to 138.540:~~[,]~~

22 (1) When the pari-mutuel system of betting is operated at a track licensed under KRS
 23 Chapter 230, the~~[said]~~ license may be suspended, revoked or renewal refused by the
 24 commission upon the failure of the operator to comply with KRS 138.510 to
 25 138.540 or the rules and regulations promulgated by the department pursuant
 26 thereto, even though the pari-mutuel system of betting and the track are operated by
 27 different persons, corporations, or associations; and

1 **(2) Any advance deposit account wagering licensee that fails to remit the tax imposed**
 2 **by Section 8 of this Act, to remit returns required by Section 9 of this Act, or to**
 3 **maintain the records required by Section 9 of this Act or administrative**
 4 **regulations promulgated by the department, may have the license granted under**
 5 **KRS 230.260 suspended, revoked, or not renewed by the commission.**

6 ➔Section 11. The Kentucky Horse Racing Commission, through promulgation of
 7 an administrative regulation, authorized race tracks in Kentucky to conduct wagering on
 8 historical horse racing at the tracks, and the Kentucky Department of Revenue, through
 9 amendment of a form, imposed the pari-mutuel tax against wagers made on historical
 10 horse races. Subsequent to these executive branch actions, the Kentucky Supreme Court
 11 opined in 2012-SC-000414-DG that the Kentucky Horse Racing Commission has the
 12 statutory authority to regulate historical racing, but that the Kentucky Department of
 13 Revenue does not have the statutory authority to impose a tax against historical horse
 14 racing. The court remanded the issue of whether wagering on historical horse races is
 15 pari-mutuel wagering back to the Circuit Court for further discovery and this litigation is
 16 ongoing. Equity demands that as long as the Kentucky Horse Racing Commission
 17 continues to allow wagering on historical horse races at race tracks in Kentucky, that such
 18 activity should be taxed at a level commensurate with other types of wagering occurring
 19 at race tracks in Kentucky. Therefore, the provisions of Sections 6, 7, and 9 of this Act
 20 permit the imposition of the pari-mutuel tax against tracks allowing wagering on
 21 historical horse races. No provision of this section or Section 6, 7, or 9 of this Act shall be
 22 deemed, adjudged, or construed as being a recognition, finding, or admission concerning
 23 the legality of wagering on historical horse races, the devices upon which wagering on
 24 historical horse races is conducted, or the gaming system.

25 ➔Section 12. KRS 148.544 is amended to read as follows:

26 (1) The purposes of KRS 141.383 and 148.542 to 148.546 are to:

27 (a) Encourage the film and entertainment industry to choose locations in the

- 1 Commonwealth for the filming and production of motion picture or
2 entertainment productions;
- 3 (b) Encourage the development of a film and entertainment industry in Kentucky;
- 4 (c) Encourage increased employment opportunities for the citizens of the
5 Commonwealth within the film and entertainment industry; and
- 6 (d) Encourage the development of a production and postproduction infrastructure
7 in the Commonwealth for film production and touring Broadway show
8 production facilities containing state-of-the-art technologies.
- 9 (2) The Kentucky Film Office is hereby established in the Tourism, Arts and Heritage
10 Cabinet to administer, together with the Finance and Administration Cabinet and
11 the Tourism Development Finance Authority, the tax incentive established by KRS
12 141.383 and 148.542 to 148.546.
- 13 (3) To qualify for the tax incentive provided in subsection (4) of this section, the
14 following requirements shall be met:
- 15 (a) For an approved company that films or produces a motion picture production,
16 except for a commercial or documentary, the minimum combined total of
17 qualifying expenditures and qualifying payroll expenditures shall be five
18 hundred thousand dollars (\$500,000);
- 19 (b) For an approved company that films or produces a commercial in the
20 Commonwealth that is distributed regionally or nationally, the minimum
21 combined total of qualifying expenditures and qualifying payroll expenditures
22 shall be two hundred thousand dollars (\$200,000); and
- 23 (c) For an approved company that films or produces a documentary in the
24 Commonwealth or that produces a national touring production of a Broadway
25 show, the minimum combined total of qualifying expenditures and qualifying
26 payroll expenditures shall be fifty thousand dollars (\$50,000).
- 27 (4) (a) The incentive available under KRS 141.383 and 148.542 to 148.546 is a

1 refundable credit against the Kentucky income tax imposed under KRS
 2 141.020 or 141.040, and the limited liability entity tax imposed under KRS
 3 141.0401, as provided in KRS 141.383. The amount of the incentive shall not
 4 exceed:

- 5 1. Twenty percent (20%) of the approved company's qualifying
 6 expenditures;
- 7 2. Twenty percent (20%) of the approved company's qualifying payroll
 8 expenditures paid to below-the-line production crew; and
- 9 3. Twenty percent (20%) of the approved company's qualifying payroll
 10 expenditures paid to above-the-line production crew not to exceed one
 11 hundred thousand dollars (\$100,000) in payroll expenditures per
 12 employee.

13 (b) ~~{1.—}~~The Tourism Development Finance Authority may accept applications,
 14 authorize the execution of tax incentive agreements, and enter into tax
 15 incentive agreements beginning on June 26, 2009; however, no credit amount
 16 shall be claimed by the taxpayer as a refund or paid by the Department of
 17 Revenue prior to July 1, 2010.

18 ~~{2.—The credit shall be available to approved companies with tax incentive
 19 agreements executed before January 1, 2015.}~~

20 ➔Section 13. KRS 141.383 is amended to read as follows:

21 (1) As used in this section:

- 22 (a) "Above-the-line production crew" means the same as defined in KRS
 23 148.542;
- 24 (b) "Approved company" means the same as defined in KRS 148.542;
- 25 (c) "Below-the-line production crew" means the same as defined in KRS 148.542;
- 26 (d) "Cabinet" means the same as defined in KRS 148.542;
- 27 (e) "Office" means the same as defined in KRS 148.542;

- 1 (f) "Qualifying expenditure" means the same as defined in KRS 148.542;
- 2 (g) "Qualifying payroll expenditure" means the same as defined in KRS 148.542;
- 3 (h) "Secretary" means the same as defined in KRS 148.542; and
- 4 (i) "Tax incentive agreement" means the same as defined in KRS 148.542.
- 5 (2) There is hereby created a refundable tax credit against the tax imposed under KRS
6 141.020 or 141.040 and 141.0401, with the ordering of credits as provided in KRS
7 141.0205.
- 8 (3) ~~[For tax incentive agreements executed before January 1, 2015,]~~ An approved
9 company may receive a refundable tax credit on and after July 1, 2010, if:
- 10 (a) The cabinet has received notification from the office that the approved
11 company has satisfied all requirements of KRS 148.542 to 148.546; and
- 12 (b) The approved company has provided a detailed cost report and sufficient
13 documentation to the office, which has been forwarded by the office to the
14 cabinet, that:
- 15 1. The purchases of qualifying expenditures were made after the execution
16 of the tax incentive agreement; and
- 17 2. The approved company has withheld income tax as required by KRS
18 141.310 on all qualified payroll expenditures.
- 19 (4) The refundable tax credit shall not apply until the taxable year in which the
20 secretary notifies the approved company of the amount of refundable credit that is
21 available. If the notification of approval is provided prior to July 1, 2010, the
22 company shall not claim the credit and the department shall not issue any refunds
23 until on or after July 1, 2010.
- 24 (5) Interest shall not be allowed or paid on any refundable credits provided under this
25 section.
- 26 (6) The cabinet shall promulgate administrative regulations in accordance with KRS
27 Chapter 13A to administer this section.

1 (7) On or before September 1, 2010, and on or before each September 1 thereafter, for
 2 the immediately preceding fiscal year, the cabinet shall report to the office the
 3 names of the approved companies and the amounts of refundable income tax credit
 4 claimed.

5 ➔SECTION 14. A NEW SECTION OF KRS 171.311 TO 171.345 IS CREATED
 6 TO READ AS FOLLOWS:

7 (1) The local history trust fund is created as a separate trust fund. The fund shall
 8 consist of moneys collected from the income tax checkoff created under Section
 9 15 of this Act and any other proceeds from grants, contributions, appropriations,
 10 or other moneys made available for the purposes of the trust fund.

11 (2) Trust fund amounts not expended at the close of a fiscal year shall not lapse but
 12 shall be carried forward to the next fiscal year.

13 (3) Any interest earnings of the trust fund shall become a part of the trust fund and
 14 shall not lapse.

15 (4) Trust fund moneys shall be used to support local history through grants made to
 16 local history organizations in Kentucky. Funds shall be administered and
 17 distributed by the Kentucky Historical Society for the purposes directed in this
 18 section.

19 (5) Moneys transferred to the trust fund pursuant to Section 15 of this Act are hereby
 20 appropriated for the purposes set forth in this section.

21 (6) The Kentucky Historical Society shall develop standards for qualifying
 22 applicants, and for applying and approving grants from the trust fund, and may
 23 promulgate administrative regulations as needed to implement this section.

24 ➔SECTION 15. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO
 25 READ AS FOLLOWS:

26 (1) Effective for taxable years beginning January 1, 2015, any taxpayer required to
 27 file a return under KRS 141.180 who is entitled to an income tax refund and who

1 desires to contribute to the local history trust fund created under Section 14 of
 2 this Act may designate an amount, not to exceed the amount of the refund, to be
 3 paid to the trust fund. A designation made under this section shall not affect the
 4 income tax liability of the taxpayer, but it shall reduce the income tax refund by
 5 the amount designated.

6 (2) The instructions accompanying the individual income tax return shall include a
 7 description of the local history trust fund and the purposes for which the funds
 8 from the income tax checkoff may be used.

9 (3) The commissioner shall, by July 1, 2016, and by July 1 of each year thereafter,
 10 transfer the funds designated by taxpayers under this section to the local history
 11 trust fund created by Section 14 of this Act.

12 ➔SECTION 16. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO
 13 READ AS FOLLOWS:

14 (1) (a) There shall be allowed a nonrefundable and nontransferable credit to each
 15 taxpayer paying the distilled spirits ad valorem tax as follows:

16 1. For taxable years beginning on or after January 1, 2015, and before
 17 December 31, 2015, the credit shall be equal to twenty percent (20%)
 18 of the tax assessed under KRS 132.160 and paid under KRS 132.180
 19 on a timely basis;

20 2. For taxable years beginning on or after January 1, 2016, and before
 21 December 31, 2016, the credit shall be equal to forty percent (40%) of
 22 the tax assessed under KRS 132.160 and paid under KRS 132.180 on a
 23 timely basis;

24 3. For taxable years beginning on or after January 1, 2017, and before
 25 December 31, 2017, the credit shall be equal to sixty percent (60%) of
 26 the tax assessed under KRS 132.160 and paid under KRS 132.180 on a
 27 timely basis;

- 1 4. For taxable years beginning on or after January 1, 2018, and before
 2 December 31, 2018, the credit shall be equal to eighty percent (80%) of
 3 the tax assessed under KRS 132.160 and paid under KRS 132.180 on a
 4 timely basis; and
- 5 5. For taxable years beginning on or after January 1, 2019, the credit
 6 shall be equal to one hundred percent (100%) of the tax assessed
 7 under KRS 132.160 and paid under KRS 132.180 on a timely basis.
- 8 (b) The credit shall be applied both to the income tax imposed under KRS
 9 141.020 or 141.040 and to the limited liability entity tax imposed under KRS
 10 141.0401, with the ordering of the credits as provided in Section 17 of this
 11 Act.
- 12 (2) The amount of distilled spirits credit allowed under subsection (1) of this section
 13 shall be used only for capital improvements at the premises of the distiller
 14 licensed pursuant to KRS Chapter 243. As used in this subsection, "capital
 15 improvement" means any costs associated with:
- 16 (a) Construction, replacement, or remodeling of warehouses or facilities;
 17 (b) Purchases of barrels and pallets used for the storage and aging of distilled
 18 spirits in maturing warehouses;
 19 (c) Acquisition, construction, or installation of equipment for the use in the
 20 manufacture, bottling, or shipment of distilled spirits;
 21 (d) Addition or replacement of access roads or parking facilities; and
 22 (e) Construction, replacement, or remodeling of facilities to market or promote
 23 tourism, including but not limited to a visitor's center.
- 24 (3) The distilled spirits credit allowed under subsection (1) of this section:
- 25 (a) May be accumulated for multiple taxable years;
 26 (b) Shall be claimed on the return of the taxpayer filed for the taxable year
 27 during which the credits were used pursuant to subsection (2) of this

- 1 section; and
- 2 (c) Shall not include:
- 3 1. Any delinquent tax paid to the Commonwealth; or
- 4 2. Any interest, fees, or penalty paid to the Commonwealth.
- 5 (4) (a) Before the distilled spirits credit shall be allowed on any return, the capital
- 6 improvements required by subsection (2) of this section shall be completed
- 7 and specifically associated with the credit allowed on the return.
- 8 (b) The amount of distilled spirits credit allowed shall be recaptured if the
- 9 capital improvement associated with the credit is sold or otherwise disposed
- 10 of prior to the exhaustion of the useful life of the asset for Kentucky
- 11 depreciation purposes.
- 12 (c) If the allowed credit is associated with multiple capital improvements, and
- 13 not all capital improvements are sold or otherwise disposed of, the distilled
- 14 spirits credit shall be prorated based on the cost of the capital improvement
- 15 sold over the total cost of all improvements associated with the credit.
- 16 (5) If the taxpayer is a pass-through entity, the taxpayer may apply the credit against
- 17 the limited liability entity tax imposed by KRS 141.0401, and shall pass the credit
- 18 through to its members, partners, or shareholders in the same proportion as the
- 19 distributive share of income or loss is passed through.
- 20 (6) The department may promulgate an administrative regulation pursuant to KRS
- 21 Chapter 13A to implement the allowable credit under this section, require the
- 22 filing of forms designed by the department, and require specific information for
- 23 the evaluation of the credit taken by any taxpayer.
- 24 (7) Notwithstanding KRS 131.190, no later than September 1, 2016, and annually
- 25 thereafter, the department shall report to the Interim Joint Committee on
- 26 Appropriations and Revenue:
- 27 (a) The name of each taxpayer taking the credit permitted by subsection (1) of

1 *this section;*

2 *(b) The amount of credit taken by that taxpayer; and*

3 *(c) The type of capital improvement made for which the credit is claimed.*

4 ➔Section 17. KRS 141.0205 is amended to read as follows:

5 If a taxpayer is entitled to more than one (1) of the tax credits allowed against the tax
6 imposed by KRS 141.020, 141.040, and 141.0401, the priority of application and use of
7 the credits shall be determined as follows:

8 (1) The nonrefundable business incentive credits against the tax imposed by KRS
9 141.020 shall be taken in the following order:

10 (a) 1. For taxable years beginning after December 31, 2004, and before
11 January 1, 2007, the corporation income tax credit permitted by KRS
12 141.420(3)(a);

13 2. For taxable years beginning after December 31, 2006, the limited
14 liability entity tax credit permitted by KRS 141.0401;

15 (b) The economic development credits computed under KRS 141.347, 141.381,
16 141.384, 141.400, 141.401, 141.402, 141.403, 141.407, 141.415, 154.12-
17 2088, and 154.27-080;

18 (c) The qualified farming operation credit permitted by KRS 141.412;

19 (d) The certified rehabilitation credit permitted by KRS 171.397(1)(a);

20 (e) The health insurance credit permitted by KRS 141.062;

21 (f) The tax paid to other states credit permitted by KRS 141.070;

22 (g) The credit for hiring the unemployed permitted by KRS 141.065;

23 (h) The recycling or composting equipment credit permitted by KRS 141.390;

24 (i) The tax credit for cash contributions in investment funds permitted by KRS
25 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
26 154.20-258;

27 (j) The coal incentive credit permitted under KRS 141.0405;

- 1 (k) The research facilities credit permitted under KRS 141.395;
- 2 (l) The employer GED incentive credit permitted under KRS 164.0062;
- 3 (m) The voluntary environmental remediation credit permitted by KRS 141.418;
- 4 (n) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 5 (o) The environmental stewardship credit permitted by KRS 154.48-025;
- 6 (p) The clean coal incentive credit permitted by KRS 141.428;
- 7 (q) The ethanol credit permitted by KRS 141.4242;
- 8 (r) The cellulosic ethanol credit permitted by KRS 141.4244;
- 9 (s) The energy efficiency credits permitted by KRS 141.436;
- 10 (t) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 11 (u) The Endow Kentucky credit permitted by KRS 141.438;
- 12 (v) The New Markets Development Program credit permitted by KRS 141.434;{
- 13 and}
- 14 (w) The food donation credit permitted by KRS 141.392;
- 15 **(x) The distilled spirits credit permitted by Section 16 of this Act; and**
- 16 **(y) The angel investor credit permitted by Section 28 of this Act.**
- 17 (2) After the application of the nonrefundable credits in subsection (1) of this section,
- 18 the nonrefundable personal tax credits against the tax imposed by KRS 141.020
- 19 shall be taken in the following order:
- 20 (a) The individual credits permitted by KRS 141.020(3);
- 21 (b) The credit permitted by KRS 141.066;
- 22 (c) The tuition credit permitted by KRS 141.069;
- 23 (d) The household and dependent care credit permitted by KRS 141.067; and
- 24 (e) The new home credit permitted by KRS 141.388.
- 25 (3) After the application of the nonrefundable credits provided for in subsection (2) of
- 26 this section, the refundable credits against the tax imposed by KRS 141.020 shall be
- 27 taken in the following order:

- 1 (a) The individual withholding tax credit permitted by KRS 141.350;
- 2 (b) The individual estimated tax payment credit permitted by KRS 141.305;
- 3 (c) For taxable years beginning after December 31, 2004, and before January 1,
- 4 2007, the corporation income tax credit permitted by KRS 141.420(3)(c);
- 5 (d) The certified rehabilitation credit permitted by KRS 171.397(1)(b) ***and***
- 6 ***Section 20 of this Act***; and
- 7 (e) The film industry tax credit allowed by KRS 141.383.
- 8 (4) The nonrefundable credit permitted by KRS 141.0401 shall be applied against the
- 9 tax imposed by KRS 141.040.
- 10 (5) The following nonrefundable credits shall be applied against the sum of the tax
- 11 imposed by KRS 141.040 after subtracting the credit provided for in subsection (4)
- 12 of this section, and the tax imposed by KRS 141.0401 in the following order:
- 13 (a) The economic development credits computed under KRS 141.347, 141.381,
- 14 141.384, 141.400, 141.401, 141.402, 141.403, 141.407, 141.415, 154.12-
- 15 2088, and 154.27-080;
- 16 (b) The qualified farming operation credit permitted by KRS 141.412;
- 17 (c) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
- 18 (d) The health insurance credit permitted by KRS 141.062;
- 19 (e) The unemployment credit permitted by KRS 141.065;
- 20 (f) The recycling or composting equipment credit permitted by KRS 141.390;
- 21 (g) The coal conversion credit permitted by KRS 141.041;
- 22 (h) The enterprise zone credit permitted by KRS 154.45-090, for taxable periods
- 23 ending prior to January 1, 2008;
- 24 (i) The tax credit for cash contributions to investment funds permitted by KRS
- 25 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
- 26 154.20-258;
- 27 (j) The coal incentive credit permitted under KRS 141.0405;

- 1 (k) The research facilities credit permitted under KRS 141.395;
- 2 (l) The employer GED incentive credit permitted under KRS 164.0062;
- 3 (m) The voluntary environmental remediation credit permitted by KRS 141.418;
- 4 (n) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 5 (o) The environmental stewardship credit permitted by KRS 154.48-025;
- 6 (p) The clean coal incentive credit permitted by KRS 141.428;
- 7 (q) The ethanol credit permitted by KRS 141.4242;
- 8 (r) The cellulosic ethanol credit permitted by KRS 141.4244;
- 9 (s) The energy efficiency credits permitted by KRS 141.436;
- 10 (t) The ENERGY STAR home or ENERGY STAR manufactured home credit
11 permitted by KRS 141.437;
- 12 (u) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 13 (v) The railroad expansion credit permitted by KRS 141.386;
- 14 (w) The Endow Kentucky credit permitted by KRS 141.438;
- 15 (x) The New Markets Development Program credit permitted by KRS 141.434;{
16 ~~and~~}
- 17 (y) The food donation credit permitted by KRS 141.392; ***and***
- 18 ***(z) The distilled spirits credit permitted by Section 16 of this Act.***
- 19 (6) After the application of the nonrefundable credits in subsection (5) of this section,
20 the refundable credits shall be taken in the following order:
- 21 (a) The corporation estimated tax payment credit permitted by KRS 141.044;
- 22 (b) The certified rehabilitation credit permitted by KRS 171.397(1)(b) ***and***
23 ***Section 20 of this Act***; and
- 24 (c) The film industry tax credit allowed in KRS 141.383.
- 25 ➔Section 18. KRS 243.884 is amended to read as follows:
- 26 (1) ***(a)*** For the privilege of making "wholesale sales" or "sales at wholesale" of beer,
27 wine, or distilled spirits, a tax is hereby imposed upon all wholesalers of wine and

1 distilled spirits and upon all distributors of beer.

2 (b) Prior to July 1, 2015, the tax shall be imposed at the rate of eleven percent
 3 (11%) ~~and upon all distributors of beer at the rate of eleven percent (11%)~~ of
 4 the gross receipts of any such wholesaler or distributor derived from "sales at
 5 wholesale" or "wholesale sales" made within the Commonwealth except as
 6 provided in subsection ~~(3)~~~~(2)~~ of this section.

7 (c) On and after July 1, 2015, the following rates shall apply:

8 1. For distilled spirits, eleven percent (11%) of wholesale sales or sales at
 9 wholesale; and

10 2. For wine and beer:

11 a. Ten and three-quarters of one percent (10.75%) for wholesale
 12 sales or sales at wholesale made on or after July 1, 2015, and
 13 before June 1, 2016;

14 b. Ten and one-half of one percent (10.5%) for wholesale sales or
 15 sales at wholesale made on or after June 1, 2016, and before
 16 June 1, 2017;

17 c. Ten and one-quarter of one percent (10.25%) for wholesale sales
 18 or sales at wholesale made on or after June 1, 2017, and before
 19 June 1, 2018; and

20 d. Ten percent (10%) for wholesale sales or sales at wholesale made
 21 on or after June 1, 2018.

22 (2) Wholesalers of distilled spirits and wine and distributors of malt beverages shall pay
 23 and report the tax levied by this section on or before the 20th day of the calendar
 24 month next succeeding the month in which possession or title of the distilled spirits,
 25 wine or malt beverages is transferred from the wholesaler or distributor to retailers
 26 or consumers in this state, in accordance with rules and regulations of the
 27 Department of Revenue designed reasonably to protect the revenues of the

1 Commonwealth.

2 ~~(3)~~~~(2)~~ Gross receipts from sales at wholesale or wholesale sales shall not include the
3 following sales:

- 4 (a) Sales made between wholesalers or between distributors; and
- 5 (b) Sales made by a small farm winery or wholesaler of wine produced by a small
6 farm winery.

7 ➔Section 19. KRS 171.396 is amended to read as follows:

8 As used in this section,~~and~~ KRS 171.397, ***and Section 20 of this Act:***

- 9 (1) "Certified historic structure" means a structure that is located within the
10 Commonwealth of Kentucky that is:
 - 11 (a) Listed individually on the National Register of Historic Places; or
 - 12 (b) Located in a historic district listed on the National Register of Historic Places
13 and is certified by the council as contributing to the historic significance of the
14 district;
- 15 (2) "Certified rehabilitation" means a completed substantial rehabilitation of a certified
16 historic structure that the council certifies meets the United States Secretary of the
17 Interior's Standards for Rehabilitation;
- 18 (3) "Certified rehabilitation credit cap" means an annual amount of:
 - 19 (a) Three million dollars (\$3,000,000) for applications received prior to April 30,
20 2010; and
 - 21 (b) Five million dollars (\$5,000,000) for applications received on or after April
22 30, 2010;
 23 plus any amount added to the certified rehabilitation credit cap pursuant to KRS
24 171.397(2)(c);
- 25 (4) "Council" means the Kentucky Heritage Council;
- 26 (5) "Disqualifying work" means work that is performed within three (3) years of the
27 completion of the certified rehabilitation that, if performed as part of the

- 1 rehabilitation certified under KRS 171.397, would have made the rehabilitation
2 ineligible for certification;
- 3 (6) "Exempt entity" means any tax exempt organization pursuant to sec. 501(c)(3) of
4 the Internal Revenue Code, any political subdivision of the Commonwealth, any
5 state or local agency, board, or commission, or any quasi-governmental entity;
- 6 (7) "Local government" means a city, county, urban-county, charter county, or
7 consolidated local government;
- 8 (8) "Owner-occupied residential property" means a building or portion thereof,
9 condominium, or cooperative occupied by the owner as his or her principal
10 residence;
- 11 (9) "Qualified rehabilitation expense" means any amount that is properly chargeable to
12 a capital account, whether or not depreciation is allowed under Section 168 of the
13 Internal Revenue Code, and is expended in connection with the certified
14 rehabilitation of a certified historic structure. It shall include the cost of restoring
15 landscaping and fencing that contributes to the historic significance of this structure,
16 but shall not include the cost of acquisition of a certified historic structure,
17 enlargement of or additions to an existing building, or the purchase of personal
18 property;
- 19 (10) "Substantial rehabilitation" means rehabilitation of a certified historic structure for
20 which the qualified rehabilitation expenses, during a twenty-four (24) month period
21 selected by the taxpayer or exempt entity, ending with or within the taxable year,
22 exceed:
- 23 (a) Twenty thousand dollars (\$20,000) for an owner-occupied residential
24 property; or
- 25 (b) For all other property, the greater of:
- 26 1. The adjusted basis of the structure; or
- 27 2. Twenty thousand dollars (\$20,000);

1 (11) "Taxpayer" means any individual, corporation, limited liability company, business
 2 development corporation, partnership, limited partnership, sole proprietorship,
 3 association, joint stock company, receivership, trust, professional service
 4 organization, or other legal entity through which business is conducted that:

5 (a) Elects to claim the credit on a return and receive a refund as provided in KRS
 6 171.397(2)(b)2.a.; or

7 (b) Is the recipient of a credit which is transferred as provided in KRS
 8 171.397(2)(b)2.b.; and

9 (12) "Qualified purchased historic home" means any substantially rehabilitated certified
 10 historic structure if:

11 (a) The taxpayer claiming the credit authorized under KRS 171.397 is the first
 12 purchaser of the structure after the date of completion of the substantial
 13 rehabilitation;

14 (b) The structure or a portion thereof will be the principal residence of the
 15 taxpayer; and

16 (c) No credit was allowed to the seller under this section.

17 A qualified purchased historic home shall be deemed owner-occupied residential
 18 property for purposes of this section.

19 ➔SECTION 20. A NEW SECTION OF KRS 171.396 TO 171.399 IS CREATED
 20 TO READ AS FOLLOWS:

21 **(1) For taxable years beginning on or after January 1, 2014, a taxpayer completing a**
 22 **certified rehabilitation to a certified historic structure shall be allowed a credit**
 23 **against the taxes imposed by KRS 141.020 or 141.040 and 141.0401, with the**
 24 **ordering of credits as provided in Section 17 of this Act, or KRS 136.505 if:**

25 **(a) The certified historic structure is located within the jurisdiction of a**
 26 **consolidated local government or urban-county government;**

27 **(b) The amount of qualified rehabilitation expenses exceeds fifteen million**

1 dollars (\$15,000,000);

2 (c) The certified historic structure is located within one-half (1/2) mile of a tax
 3 increment financing development area which has received at least
 4 preliminary approval under KRS 65.490 or 154.30-050; and

5 (d) Substantial rehabilitation of the certified historic structure begins prior to
 6 July 1, 2015.

7 (2) (a) The credit shall:

8 1. Equal the percentage of qualified rehabilitation expenses as provided
 9 in KRS 171.397(1)(a);

10 2. Only apply to the first thirty million dollars (\$30,000,000) of qualified
 11 rehabilitation expenses; and

12 3. Be refundable and transferable.

13 (b) Any projects approved for a credit under this section shall not be subject to
 14 any caps established by KRS 171.397 and shall not be considered in
 15 determining whether the certified rehabilitation credit cap has been met in
 16 any year.

17 (3) The taxpayer seeking the credit shall file the applications for preliminary
 18 determination and final determination as provided by KRS 171.397(2).

19 (4) The total approved credit shall be available over a four (4) year period and the
 20 maximum credit which may be claimed in a taxable year shall not exceed twenty-
 21 five percent (25%) of the total approved credit.

22 (5) The provisions of KRS 171.397(9) to (14) shall also apply to this section.

23 ➔SECTION 21. A NEW SECTION OF SUBCHAPTER 20 OF KRS CHAPTER
 24 154 IS CREATED TO READ AS FOLLOWS:

25 As used in Sections 21 to 26 of this Act:

26 (1) "Application" means a document submitted by small businesses and investors,
 27 on a form supplied by the authority, for the purpose of requesting certification to

- 1 participate in the program and to apply for a credit;
- 2 (2) "Authority" means the Kentucky Economic Development Finance Authority;
- 3 (3) "Commonwealth" means the Commonwealth of Kentucky;
- 4 (4) "Credit" means the nonrefundable angel investor tax credit established by
5 Section 28 of this Act and awarded by the authority pursuant to Section 24 of this
6 Act;
- 7 (5) "Department" means the Department of Revenue;
- 8 (6) "Enhanced incentive counties" has the same meaning as in KRS 154.32-010;
- 9 (7) "Entity" means any corporation, limited liability company, business development
10 corporation, partnership, limited partnership, sole proprietorship, association,
11 joint stock company, receivership, trust, professional service organization, or
12 other legal entity through which business is conducted;
- 13 (8) "Fee" means a nonrefundable application fee in an amount set by the authority,
14 to be collected by the authority to offset the cost of administering Sections 21 to
15 26 of this Act;
- 16 (9) "Full-time employee" means a person that is required to work a minimum of
17 thirty-five (35) hours per week and is subject to the tax imposed by KRS 141.020;
- 18 (10) "Knowledge-based" has the same meaning as in KRS 164.6011;
- 19 (11) (a) "Qualified activity" means any knowledge-based activity related to the new
20 economy focus areas of the Department of Commercialization and
21 Innovation, including but not limited to:
- 22 (a) Bioscience;
- 23 (b) Environmental and energy technology;
- 24 (c) Health and human development;
- 25 (d) Information technology and communications; and
- 26 (e) Materials science and advanced manufacturing.
- 27 (b) A "qualified activity" does not include any activity principally engaged in

1 by financial institutions, commercial development companies, credit
 2 companies, financial or investment advisors, brokerage or financial firms,
 3 other investment funds or investment fund managers, charitable and
 4 religious institutions, oil and gas exploration companies, insurance
 5 companies, residential housing developers, retail establishments, or any
 6 activity that the authority determines in its discretion to be against the
 7 public interest, against the purposes of Sections 21 to 26 of this Act, or in
 8 violation of any law;

9 (12) "Qualified investment" means an investment meeting the requirements of
 10 Section 23 of this Act for qualified investments, and certified pursuant to Section
 11 24 of this Act;

12 (13) "Qualified investor" means an individual investor meeting the requirements of
 13 Section 23 of this Act for qualified investors, and certified pursuant to Section 24
 14 of this Act; and

15 (14) "Qualified small business" means an entity meeting the requirements of Section
 16 23 of this Act for qualified small businesses, and certified pursuant to Section 24
 17 of this Act.

18 ➔SECTION 22. A NEW SECTION OF SUBCHAPTER 20 OF KRS CHAPTER
 19 154 IS CREATED TO READ AS FOLLOWS:

20 (1) Sections 21 to 26 of this Act shall be known as the "Kentucky Angel Investment
 21 Act."

22 (2) The purpose of Sections 21 to 26 and 28 of this Act is to encourage capital
 23 investment in the Commonwealth by individual investors that will further the
 24 establishment or expansion of small businesses, create additional jobs, and foster
 25 the development of new products and technologies, by providing tax credits for
 26 certain investments in small businesses located in the Commonwealth, operating
 27 in the fields of knowledge-based, high-tech, and research and development, and

1 showing a potential for rapid growth.

2 (3) To participate in the program created by Sections 21 to 26 and 28 of this Act:

3 (a) Small businesses and individual investors shall request certification from
 4 the authority pursuant to Section 24 of this Act. To be qualified, the small
 5 businesses and individual investors shall fulfill the requirements outlined in
 6 Section 23 of this Act; and

7 (b) Once certified, qualified investors may make investments in qualified small
 8 businesses, and may apply to the authority for a credit in return for making
 9 the investment if that investment qualifies under Section 23 of this Act.

10 (4) Any qualified investment made in a qualified small business under Sections 21 to
 11 26 of this Act shall be used by that business, insofar as possible, to leverage
 12 additional capital investments from other sources.

13 ➔SECTION 23. A NEW SECTION OF SUBCHAPTER 20 OF KRS CHAPTER
 14 154 IS CREATED TO READ AS FOLLOWS:

15 The requirements for small businesses, investors, and investments to be qualified for
 16 participation in the angel investor program are as follows:

17 (1) To be certified as a qualified small business, the business shall demonstrate to the
 18 authority that it is an entity which, at the time the small business requests
 19 certification:

20 (a) Has a net worth of ten million dollars (\$10,000,000) or less or net income
 21 after federal income taxes for each of the two (2) preceding fiscal years of
 22 three million dollars (\$3,000,000) or less;

23 (b) Is actively and principally engaged in a qualified activity within the
 24 Commonwealth, or will be actively and principally engaged in a qualified
 25 activity within the Commonwealth after the receipt of a qualified investment
 26 by a qualified investor;

27 (c) Has no more than one hundred (100) full-time employees;

- 1 (d) Has more than fifty percent (50%) of its assets, operations, and employees
 2 located in the Commonwealth; and
- 3 (e) Has at no time received an aggregate amount of qualified investments that
 4 has allowed qualified investors to receive more than one million dollars
 5 (\$1,000,000) in angel investor credits;
- 6 (2) To be certified as a qualified investor, an individual investor shall demonstrate to
 7 the authority that he or she:
- 8 (a) Is an individual natural person;
- 9 (b) Qualifies as an accredited investor pursuant to Regulation D of the United
 10 States Securities and Exchange Commission, 17 C.F.R. sec. 230.501, in
 11 effect as of the date the individual investor requests certification;
- 12 (c) Does not hold in excess of twenty percent (20%) ownership interest in, and
 13 is not employed by, the qualified small business prior to making the
 14 qualified investment in that qualified small business;
- 15 (d) Is not closely related to an individual who holds in excess of twenty percent
 16 (20%) ownership interest in, or who is employed by, the qualified small
 17 business prior to making the qualified investment in that qualified small
 18 business. For purposes of this paragraph, "closely related" means the
 19 parent, spouse, or child of an individual; and
- 20 (e) Seeks a financial return from the investment made in the qualified small
 21 business; and
- 22 (3) To be certified as a qualified investment, the investment shall:
- 23 (a) Be a cash investment of at least ten thousand dollars (\$10,000), in a
 24 qualified small business by a qualified investor;
- 25 (b) Be offered and executed in compliance with applicable state and federal
 26 securities laws and regulations; and
- 27 (c) Be exchanged for consideration in the form of an equity interest in the

1 qualified small business, such as a general or limited partnership interest,
 2 common or preferred stock with or without voting rights and without regard
 3 to seniority position, or forms of subordinate or convertible unsecured debt,
 4 or both, with warrants, rights, or other means of equity conversion attached.

5 ➔SECTION 24. A NEW SECTION OF SUBCHAPTER 20 OF KRS CHAPTER
 6 154 IS CREATED TO READ AS FOLLOWS:

7 (1) The total amount of tax credit that may be awarded by the authority in each
 8 calendar year, pursuant to Sections 21 to 26 of this Act, to:

9 (a) All qualified investors shall be no more than three million dollars
 10 (\$3,000,000); and

11 (b) Any individual qualified investor shall be no more than two hundred
 12 thousand dollars (\$200,000).

13 (2) The total amount of tax credit that may be awarded by the authority to:

14 (a) All qualified investors pursuant to Sections 21 to 26 of this Act; and

15 (b) All investors in all investment funds pursuant to KRS 154.20-250 to 154.20-
 16 284;

17 shall be no more than forty million dollars (\$40,000,000) in total for all years.

18 Once this total amount of tax credit has been awarded by the authority pursuant
 19 to Sections 21 to 26 of this Act and KRS 154.20-250 to 154.20-284, no further
 20 awards of any tax credit shall be made.

21 (3) The authority shall, by promulgation of an administrative regulation, develop a
 22 standard procedure for:

23 (a) Small businesses and investors to request certification for participation in
 24 the program;

25 (b) Qualified investors to request certification of a planned investment as being
 26 a qualified investment, and to apply for a credit; and

27 (c) The award of credits to qualified investors making qualified investments.

1 (4) At a minimum, the procedure shall:

2 (a) Require small businesses and investors to demonstrate to the authority that
 3 they, and any planned investment, satisfy all requirements provided in
 4 Section 23 of this Act;

5 (b) Provide small businesses and investors with a standard written application
 6 form to request certification and apply for a credit;

7 (c) Require the payment of a fee; and

8 (d) Mandate a time period for the duration of certifications granted to small
 9 businesses and investors, and the procedures for recertification thereof.

10 (5) The amount of credit awarded shall be equal to:

11 (a) Forty percent (40%) of the amount of the qualified investment, if the
 12 principal place of business of the qualified small business is outside an
 13 enhanced incentive county; or

14 (b) Fifty percent (50%) of the amount of the qualified investment, if the
 15 principal place of business of the qualified small business is in an enhanced
 16 incentive county.

17 (6) Upon approval of a credit, the authority shall reduce the amount of available
 18 credit by the amount of credit approved to the qualified investor.

19 (7) The authority may, in effectuating this section, contract with a science and
 20 technology organization as defined in KRS 164.6011 to administer and manage
 21 the certification and application procedure established by the authority. However,
 22 the final approval of all credits shall be made solely by the authority.

23 ➔ SECTION 25. A NEW SECTION OF SUBCHAPTER 20 OF KRS CHAPTER

24 154 IS CREATED TO READ AS FOLLOWS:

25 (1) No later than the earlier of:

26 (a) Sixty (60) days following the date of credit approval, including weekends
 27 and holidays; or

1 (b) December 31 of the calendar year of the approval;
 2 the qualified investor shall make the qualified investment. Within twenty (20)
 3 days of making the qualified investment, including weekends and holidays, the
 4 qualified investor shall provide proof of the qualified investment to the authority
 5 in the manner required by the authority.

6 (2) No later than sixty (60) days following the receipt of proof of the qualified
 7 investment, the authority shall notify the department of the credit award, the
 8 amount of the credit, and the name and Social Security number of the qualified
 9 investor that will receive the credit.

10 (3) If the qualified investor either fails to make the qualified investment prior to the
 11 deadline or fails to provide the required proof of the qualified investment, the
 12 award of credit approval shall be null and void, and the authority shall notify the
 13 qualified investor of the nullification and readjust the amount of credit available.

14 (4) (a) The authority shall maintain a publicly available Web site on which it shall
 15 report:

16 1. A list of all qualified small businesses and qualified investors it has
 17 certified;

18 2. The total amount of credit it has awarded; and

19 3. The total amount of available credit remaining.

20 (b) This report shall be updated as new small businesses and investors are
 21 certified, and as new credits are awarded or the amount of available credit
 22 is otherwise adjusted.

23 ➔SECTION 26. A NEW SECTION OF SUBCHAPTER 20 OF KRS CHAPTER
 24 154 IS CREATED TO READ AS FOLLOWS:

25 (1) On or before February 1 of the calendar year succeeding the year in which a
 26 credit was awarded, and continuing for four (4) years thereafter, a qualified
 27 small business that has received a qualified investment shall file an annual report

1 with the authority.

2 (2) (a) This report shall demonstrate that the small business:

3 1. Continues to have more than fifty percent (50%) of its assets,
4 operations, and employees in the Commonwealth;

5 2. Has at no time received an aggregate amount of qualified investments
6 that has allowed qualified investors to receive more than one million
7 dollars (\$1,000,000) in credits; and

8 3. Continues to be actively and principally engaged in a qualified
9 activity.

10 (b) The report shall also provide additional information related to the success
11 of the small business attributable to the investment, including but not
12 limited to:

13 1. New jobs created;

14 2. Increased sales or other economic activity conducted;

15 3. The degree of other private investment attracted; and

16 4. Any other information requested by the authority.

17 (3) If a qualified small business either:

18 (a) Fails to submit the report mandated by this section in any year; or

19 (b) Fails to meet any of the criteria listed in subsection (2)(a) of this section at
20 any time during any year of the reporting period;

21 the authority shall notify the department, which shall recapture any portion, or
22 the full amount, of the credit awarded for qualified investments in that qualified
23 small business from the qualified investor that received the credit award or any
24 taxpayer receiving the credit through a valid transfer. Any amounts collected
25 from the recapture shall be deposited in the general fund.

26 (4) If a qualified small business becomes insolvent and ceases operations at any time
27 before the final required annual report is due, it shall file a written report with

1 *the authority attesting to that fact and shall thereafter be exempt from the annual*
 2 *report required by this section, and credits awarded for qualified investments in*
 3 *that qualified small business shall not be subject to any recapture.*

4 ➔ Section 27. KRS 154.20-255 is amended to read as follows:

5 (1) *(a)* The total amount of tax credits available to any single investment fund
 6 *awarded tax credits under KRS 154.20-250 to 154.20-284* shall not exceed,
 7 in aggregate, eight million dollars (\$8,000,000) for all investors and all
 8 taxable years.

9 *(b)* The total tax credits available for all investors in all investment funds
 10 *awarded under KRS 154.20-250 to 154.20-284, and all qualified investors*
 11 *awarded under Sections 21 to 26 of this Act,* shall not exceed *a total of* forty
 12 million dollars (\$40,000,000).

13 (2) A person or entity seeking to be approved as an investment fund manager for the
 14 operation of one (1) or more investment funds shall make written application to the
 15 authority pursuant to KRS 154.20-256, in addition to complying with applicable
 16 state and federal securities laws and regulations.

17 (3) Prior to the granting of any tax credits to investors of an investment fund, the
 18 committed cash contributions to an investment fund shall be not less than five
 19 hundred thousand dollars (\$500,000).

20 (4) An investment fund shall have no less than four (4) investors, and no investor or
 21 investment fund manager, including their immediate family members, as defined in
 22 KRS 164.6011(7), and affiliates may own or have a capital interest in more than
 23 forty percent (40%) of the investment fund's capitalization.

24 (5) Subsequent to approval of the investment fund and the investment fund manager,
 25 the authority and the investment fund manager, on behalf of itself and any investors
 26 in the investment fund, shall enter into an agreement with respect to the investment
 27 fund. The terms and provisions of each agreement shall be determined by

1 negotiations between the authority and the investment fund manager. The effective
 2 date of the agreement shall be the date of approval of the investment fund and the
 3 investment fund manager by the authority. If an investment fund manager fails to
 4 comply with any of the obligations of the agreement, the authority may, at its
 5 option, do any one (1) or more of the following:

- 6 (a) Suspend the availability of the credits;
- 7 (b) Pursue any remedy provided under the agreement, including termination of
 8 the agreement; or
- 9 (c) Pursue any other remedy at law to which it may be entitled.

10 (6) Any investor shall be entitled to a tax credit as a result of its investment in an
 11 investment fund as provided in KRS 154.20-258.

12 (7) Total qualified investments made by an investment fund, including initial and
 13 subsequent investments made by an investment fund, in any single small business
 14 using approved qualified investments, shall not exceed thirty percent (30%) of the
 15 committed cash contributions to the investment fund. This restriction shall not
 16 apply to investments of money by the investment fund that are not qualified
 17 investments.

18 (8) The provisions of this section shall not prohibit an investment fund from investing
 19 in a business that is not a small business, including a business that is located outside
 20 of the Commonwealth; however, such investments shall not be eligible for the tax
 21 credit set forth in KRS 154.20-258.

22 ➔SECTION 28. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO
 23 READ AS FOLLOWS:

24 **(1) As used in this section:**

25 **(a) "Authority" has the same meaning as in Section 21 of this Act;**

26 **(b) "Qualified investor" has the same meaning as in Section 21 of this Act;**

27 **(c) "Qualified small business" has the same meaning as in Section 21 of this**

1 Act; and

2 (d) "Taxpayer" means an individual subject to the tax imposed by KRS
 3 141.020, who has either:

4 1. Received a credit from the authority pursuant to Section 24 of this
 5 Act; or

6 2. Received a credit through a valid transfer allowed under this section
 7 from a qualified investor that was originally awarded the credit.

8 (2) For taxable years beginning on or after January 1, 2015, there is hereby created
 9 the angel investor tax credit. The credit shall be nonrefundable, and shall apply
 10 against the tax imposed by KRS 141.020. The ordering of the credit shall be as
 11 provided in Section 17 of this Act.

12 (3) A qualified investor may seek a credit by applying to the authority pursuant to
 13 Section 24 of this Act.

14 (4) The maximum amount of credit that may be claimed by a taxpayer in any taxable
 15 year shall not exceed fifty percent (50%) of the total amount of credit awarded or
 16 transferred to the taxpayer.

17 (5) Any amount of credit that a taxpayer is unable to utilize during a taxable year
 18 may be carried forward for use in a succeeding taxable year for a period not to
 19 exceed fifteen (15) years. Any amount of credit not used within fifteen (15) years
 20 shall be lost. No amount of credit may be carried back by any taxpayer.

21 (6) The credit shall not apply to any liability a taxpayer may have for interest,
 22 penalties, past due taxes, or any other additions to the taxpayer's tax liability. The
 23 holder of the credit shall assume any and all liabilities and responsibilities of the
 24 credit.

25 (7) A credit may be transferred by a qualified investor to any individual taxpayer. A
 26 qualified investor making a transfer shall give written notice to the department
 27 and shall provide any other information required by the department, in the

1 manner prescribed by the department. Any transferred credit shall be subject to
 2 the original timeframes and requirements established by this section and Sections
 3 21 to 26 of this Act as if held by the qualified investor.

4 (8) To receive the credit, a taxpayer shall claim the credit on his or her return in the
 5 manner prescribed by the department.

6 (9) The department shall recapture any portion, or the full amount, of a credit upon
 7 notification from the authority that a recapture is required pursuant to Section 26
 8 of this Act.

9 → Section 29. KRS 141.432 is amended to read as follows:

10 As used in KRS 141.432 to 141.434, unless the context requires otherwise:

11 (1) "Applicable percentage" means zero percent (0%) for each of the first two (2) credit
 12 allowance dates, seven percent (7%) for the third credit allowance date, and eight
 13 percent (8%) for the next four (4) credit allowance dates;

14 (2) "Credit allowance date" means, with respect to any qualified equity investment:

15 (a) The date on which the investment is initially made; and

16 (b) Each of the six (6) anniversary dates of that date thereafter;

17 (3) "Long-term debt security" means any debt instrument issued by a qualified
 18 community development entity, at par value or a premium, with an original maturity
 19 date of at least seven (7) years from the date of its issuance, with no acceleration of
 20 repayment, amortization, or prepayment features prior to its original maturity date.

21 The qualified community development entity that issues the debt instrument may
 22 not make cash interest payments on the debt instrument during the period
 23 commencing with its issuance and ending on its final credit allowance date in
 24 excess of the cumulative operating income, as defined in the regulations
 25 promulgated under 26 U.S.C. sec. 45D, of the qualified community development
 26 entity for ~~that~~^{the} same period, which shall be calculated prior to giving effect to

27 the expense of the cash interest payments. The foregoing shall in no way limit the

- 1 holder's ability to accelerate payments on the debt instrument in situations where the
2 qualified community development entity has defaulted on covenants designed to
3 ensure compliance with KRS 141.432 to 141.434 or 26 U.S.C. sec. 45D;
- 4 (4) "Purchase price" means the amount paid to a qualified community development
5 entity that issues a qualified equity investment for the qualified equity investment;
- 6 (5) "Qualified active low-income community business" has the same meaning given
7 that term in 26 U.S.C. sec. 45D. A business shall be considered a qualified active
8 low-income community business for the duration of the qualified community
9 development entity's investment in, or loan to, the business if the entity reasonably
10 expects, at the time it makes the investment or loan, that the business will continue
11 to satisfy the requirements for being a qualified active low-income community
12 business throughout the entire period of the investment or loan. The term excludes
13 any business that derives or projects to derive fifteen percent (15%) or more of its
14 annual revenue from the rental or sale of real estate. This exclusion does not apply
15 to a business that is controlled by, or under common control with, another business
16 if the second business:
- 17 (a) Does not derive or project to derive fifteen percent (15%) or more of its
18 annual revenue from the rental or sale of real estate; and
- 19 (b) Is the primary tenant of the real estate leased from the first business;
- 20 (6) "Qualified community development entity" has the same meaning given that term in
21 26 U.S.C. sec. 45D; provided that the entity has entered into, or is controlled by an
22 entity that has entered into, an allocation agreement with the Community
23 Development Financial Institutions Fund of the United States Treasury Department
24 with respect to credits authorized by 26 U.S.C. sec. 45D, which includes the
25 Commonwealth of Kentucky within the service area set forth in such allocation
26 agreement;
- 27 (7) "Qualified equity investment" means any equity investment in, or long-term debt

1 security issued by, a qualified community development entity that:

2 (a) Is acquired after June 4, 2010, at its original issuance solely in exchange for
3 cash;

4 (b) **1. In the case of a qualified equity investment issued prior to January 1,**
5 **2014,** has at least eighty-five percent (85%) of its cash purchase price
6 used by the issuer to make qualified low-income community
7 investments in qualified active low-income community businesses
8 located in the Commonwealth~~[of Kentucky]~~ by the second anniversary
9 of the initial credit allowance date; and

10 **2. In the case of a qualified equity investment issued on or after January**
11 **1, 2014, has at least one hundred percent (100%) of its cash purchase**
12 **price used by the issuer to make qualified low-income community**
13 **investments in qualified active low-income community businesses**
14 **located in the Commonwealth by the first anniversary of the initial**
15 **credit allowance date; and**

16 (c) Is designated by the issuer as a qualified equity investment under this
17 subsection and is certified by the department as not exceeding the limitation
18 contained in KRS 141.434. This term shall include any qualified equity
19 investment that does not meet the provisions of paragraph (a) of this
20 subsection if the investment was a qualified equity investment in the hands of
21 a prior holder. The qualified community development entity shall keep
22 sufficiently detailed books and records with respect to the investments made
23 with the proceeds of the qualified equity investments to allow the direct
24 tracing of the proceeds into qualified low-income community investments in
25 qualified active low-income community businesses in the Commonwealth~~[of~~
26 ~~Kentucky]~~;

27 (8) "Qualified low-income community investment" means any capital or equity

1 investment in, or loan to, any qualified active low-income community business
 2 made after June 4, 2010. With respect to any one (1) qualified active low-income
 3 community business, the maximum amount of qualified low-income community
 4 investments that may be made in the business, on a collective basis with all of its
 5 affiliates, with the proceeds of qualified equity investments that have been certified
 6 under KRS 141.433 shall be ten million dollars (\$10,000,000) whether made by one
 7 (1) or several qualified community development entities;

8 (9) "Tax credit" means a nonrefundable credit against the taxes imposed by KRS
 9 141.020, 141.040, 141.0401, 136.320, 136.330, 136.340, 136.350, 136.370,
 10 136.390, or 304.3-270. For the credit against the taxes imposed by KRS 141.020,
 11 141.040, or 141.0401, the ordering of the credits shall be as provided in KRS
 12 141.0205. An insurance company claiming a tax credit against the insurance
 13 premium tax is not required to pay additional retaliatory tax levied pursuant to KRS
 14 304.3-270; and

15 (10) "Taxpayer" means any individual or entity subject to the tax imposed by KRS
 16 141.020, 141.040, 141.0401, 136.320, 136.330, 136.340, 136.350, 136.370,
 17 136.390, or 304.3-270.

18 ➔Section 30. KRS 141.433 is amended to read as follows:

19 (1) A qualified community development entity that seeks to have an equity investment
 20 or long-term debt security certified as a qualified equity investment and eligible for
 21 the tax credit permitted by KRS 141.434 shall apply to the department. The
 22 qualified community development entity shall submit an application on a form that
 23 the department provides that shall include but not be limited to:

24 (a) The name, address, tax identification number, and evidence of the certification
 25 of the entity as a qualified community development entity;

26 (b) A copy of an allocation agreement executed by the entity or its controlling
 27 entity and the Community Development Financial Institutions Fund, which

- 1 includes the Commonwealth of Kentucky in its service area;
- 2 (c) A certificate executed by an executive officer of the entity attesting that the
- 3 allocation agreement remains in effect and has not been revoked or canceled
- 4 by the Community Development Financial Institutions Fund;
- 5 (d) A description of the proposed amount, structure, and purchaser of the equity
- 6 investment or long-term debt security;
- 7 (e) The name and tax identification number of any person or entity eligible to
- 8 utilize tax credits as a result of the issuance of the qualified equity investment;
- 9 (f) Information regarding the proposed use of proceeds from the issuance of the
- 10 qualified equity investment; ~~and~~
- 11 (g) A nonrefundable application fee in an amount set by the department. This fee
- 12 shall be paid to the department and shall be required of each application
- 13 submitted; *and*
- 14 **(h) In the case of applications submitted on or after January 1, 2014, the**
- 15 **refundable performance fee required by subsection (8) of this section.**
- 16 (2) The department shall review applications in the order in which they are received.
- 17 Within thirty (30) days after receipt of a completed application containing the
- 18 information necessary for the department to certify a potential qualified equity
- 19 investment, including the payment of the application fee, the department shall
- 20 approve or deny the application. If the department intends to deny the application, it
- 21 shall inform the qualified community development entity, by written notice sent via
- 22 certified mail and any other such means deemed feasible by the department, of the
- 23 grounds for the denial. Upon receipt of the notice of intended denial by the qualified
- 24 community development entity:
- 25 (a) If the qualified community development entity provides any additional
- 26 information required by the department or otherwise completes its application
- 27 within fifteen (15) days, the application shall be considered completed as of

- 1 the original date of submission, however the department shall have an
2 additional thirty (30) days to either approve or deny the application as
3 completed; or
- 4 (b) If the qualified community development entity fails to provide the information
5 or complete its application within the fifteen (15) day period, the application
6 shall be deemed denied and must be resubmitted in full with a new
7 submission date.
- 8 (3) If the application is deemed complete, the department shall certify the proposed
9 equity investment or long-term debt security as a qualified equity investment and
10 eligible for tax credits under KRS 141.432 to 141.434, subject to the annual cap
11 limitations contained in KRS 141.434. The department shall provide written notice
12 sent via certified mail and any other means deemed feasible by the department, of
13 the certification to the qualified community development entity. The notice shall
14 include the names of those taxpayers who are eligible to claim the credits and their
15 respective credit amounts. If the names of the persons or entities that are eligible to
16 claim the credits change due to a transfer of a qualified equity investment or a
17 change in an allocation pursuant to KRS 141.434, the qualified community
18 development entity shall notify the department of such change.
- 19 (4) Within ninety (90) days after receipt of the notice of certification, the qualified
20 community development entity shall issue the qualified equity investment and
21 receive cash in the amount of the certified purchase price. The qualified community
22 development entity shall provide the department with evidence of the receipt of the
23 cash investment within ten (10) business days after receipt. If the qualified
24 community development entity does not receive the cash investment and issue the
25 qualified equity investment within ninety (90) days following receipt of the
26 certification notice, the certification shall lapse, and the entity may not issue the
27 qualified equity investment without reapplying to the department for certification. A

1 certification that lapses shall revert back to the department and may be reissued only
2 in accordance with the application process outlined in this section.

3 (5) The department shall certify qualified equity investments in the order applications
4 are received by the department. Applications received on the same day shall be
5 deemed to have been received simultaneously. For applications received on the
6 same day and deemed complete, the department shall certify, consistent with
7 remaining tax credit capacity, qualified equity investments in proportionate
8 percentages based upon the ratio of the amount of qualified equity investment
9 requested in an application to the total amount of qualified equity investments
10 requested in all applications received on the same day. If a pending request cannot
11 be fully certified because of the limitations contained in KRS 141.434, the
12 department shall certify the portion that may be certified unless the qualified
13 community development entity elects to withdraw its request rather than receive
14 partial credit.

15 (6) (a) The department may recapture any portion of a tax credit allowed under this
16 section if:

- 17 1. Any amount of federal tax credit that might be available with respect to
18 the qualified equity investment that generated the tax credit under this
19 section is recaptured under 26 U.S.C. sec. 45D. In such case, the
20 department's recapture shall be proportionate to the federal recapture
21 with respect to the qualified equity investment;
- 22 2. The qualified community development entity redeems or makes a
23 principal repayment with respect to the qualified equity investment that
24 generated the tax credit prior to the final credit allowance date of the
25 qualified equity investment. In such case, the department's recapture
26 shall be proportionate to the amount of the redemption or repayment
27 with respect to the qualified equity investment; or

- 1 3. The qualified community development entity fails to invest:
- 2 *a. In the case of a qualified equity investment issued prior to*
- 3 *January 1, 2014,* at least eighty-five percent (85%) of the purchase
- 4 price of the qualified equity investment in qualified low-income
- 5 community investments in qualified active low-income community
- 6 businesses located in the Commonwealth~~[of Kentucky]~~ within
- 7 twenty-four (24) months of the issuance of the qualified equity
- 8 investment and maintain this level of investment in qualified low-
- 9 income community investments in qualified active low-income
- 10 community businesses located in the Commonwealth~~[of~~
- 11 ~~Kentucky]~~ until the last credit allowance date for the qualified
- 12 equity investment; *and*
- 13 *b. In the case of a qualified equity investment issued on or after*
- 14 *January 1, 2014, at least one hundred percent (100%) of the*
- 15 *purchase price of the qualified equity investment in qualified*
- 16 *low-income community investments in qualified active low-*
- 17 *income community businesses located in the Commonwealth*
- 18 *within twelve (12) months of the issuance of the qualified equity*
- 19 *investment and maintain this level of investment in qualified*
- 20 *low-income community investments in qualified active low-*
- 21 *income community businesses located in the Commonwealth*
- 22 *until the last credit allowance date for the qualified equity*
- 23 *investment. In this case, the department's recapture shall be*
- 24 *proportionate to the amount of the redemption or repayment*
- 25 *with respect to the qualified equity investment.*

26 For purposes of calculating the amount of qualified low-income

27 community investments held by a qualified community development

1 entity, an investment shall be considered held by the qualified
2 community development entity even if the investment has been sold or
3 repaid; provided that the qualified community development entity
4 reinvests an amount equal to the capital returned to or recovered from
5 the original investment, exclusive of any profits realized, in another
6 qualified active low-income community business in this state within
7 twelve (12) months of the receipt of the capital. A qualified community
8 development entity shall not be required to reinvest capital returned
9 from qualified low-income community investments after the sixth
10 anniversary of the issuance of the qualified equity investment, the
11 proceeds of which were used to make the qualified low-income
12 community investment, and the qualified low-income community
13 investment shall be considered held by the issuer through the qualified
14 equity investment's final credit allowance date.

15 (b) The department shall provide written notice sent via certified mail or other
16 means deemed feasible by the department, to the qualified community
17 development entity of any proposed recapture of tax credits pursuant to this
18 subsection. The entity shall have ninety (90) days to cure any deficiency
19 indicated in the department's original recapture notice and avoid such
20 recapture. If the entity fails or is unable to cure the deficiency within the
21 ninety (90) day period, the department shall provide the entity and the
22 taxpayer from whom the credit is to be recaptured with a final order of
23 recapture. Any tax credit for which a final recapture order has been issued
24 shall be recaptured by the department from the taxpayer who claimed the tax
25 credit on a tax return.

26 (7) ~~[No later than one hundred twenty (120) days after June 4, 2010,]~~The department
27 shall through administrative regulations promulgated in accordance with KRS

1 Chapter 13A provide rules to implement the provisions of KRS 141.432 to 141.434,
2 and to administer the allocation of tax credits issued for qualified equity
3 investments.

4 **(8) (a) On or after January 1, 2014, a qualified community development entity that**
5 **seeks to have an equity investment or long-term debt security certified as a**
6 **qualified equity investment and eligible for the tax credit permitted by**
7 **Section 31 of this Act shall, as part of the application, pay a refundable**
8 **performance fee in an amount equal to one-half of one percent (0.5%) of**
9 **the amount of the equity investment or long-term debt security requested to**
10 **be certified as a qualified equity investment, not to exceed five hundred**
11 **thousand dollars (\$500,000).**

12 **(b) This fee shall be in the nature of a security deposit to ensure compliance on**
13 **the part of a qualified community development entity. The fee shall be paid**
14 **to the department and deposited in the New Markets performance guarantee**
15 **account established by this subsection, and retained there as private funds**
16 **until compliance with the provisions of this subsection has been established**
17 **or as otherwise provided by this subsection.**

18 **(c) The fee may be refunded to the qualified community development entity that**
19 **submitted it as follows:**

20 **1. In the case of any application that is ultimately denied pursuant to**
21 **subsection (2) of this section, the department shall refund the full**
22 **amount of the fee submitted with the denied application;**

23 **2. In the case of any qualified equity investment that is certified in an**
24 **amount that is less than the amount requested, due to the limitations**
25 **contained in Section 31 of this Act and pursuant to subsection (5) of**
26 **this section, the department shall refund a portion of the fee so that**
27 **only an amount equal to one-half of one percent (0.5%) of the actual**

1 certified amount, not to exceed five hundred thousand dollars
2 (\$500,000), is retained; and

3 3. In the case of any qualified equity investment that is certified as
4 eligible for tax credits, the qualified community development entity
5 may request a refund of the fee no sooner than thirty (30) days after
6 having met all the requirements of this subsection. The refund request
7 shall be made in writing to the department. The department shall
8 review the refund request within thirty (30) days, and shall either
9 comply with the request and issue the refund of the fee, without
10 interest, if the qualified community development entity has met all the
11 requirements of this subsection, or give written notice to the qualified
12 community development entity that it is noncompliant and subject to
13 possible forfeiture of the fee as provided in this subsection.

14 (d) The qualified community development entity shall forfeit the fee to the
15 Commonwealth as follows:

16 1. The entire amount of the fee shall be forfeited if the qualified
17 community development entity and its subsidiary qualified community
18 development entities fail to issue the total amount of qualified equity
19 investment certified by the department and receive cash in exchange
20 therefor within ninety (90) days after receipt of the notice of
21 certification; and

22 2. A portion of the fee shall be forfeited if the qualified community
23 development entity, or any subsidiary qualified community
24 development entity, that issues a qualified equity investment certified
25 by the department fails to meet the percentage investment requirement
26 under subsection (6) of this section by the first credit allowance date of
27 the qualified equity investment. The forfeiture shall be proportionate

1 to the amount of the qualified equity investment that is not invested as
 2 required by subsection (6) of this section. Forfeiture of the fee under
 3 this subparagraph shall be subject to the ninety (90) day cure period
 4 allowed under subsection (6) of this section.

5 (e) The amount of the fee that is forfeited pursuant to this subsection shall be
 6 transferred from the New Markets performance guarantee account and
 7 deposited into the general fund.

8 (f) 1. The New Markets performance guarantee account is hereby
 9 established as a fiduciary fund within the State Treasury, to be
 10 administered by the department solely for the purposes set out in this
 11 subsection.

12 2. Notwithstanding KRS 45.229, moneys in the account shall not lapse
 13 but shall be retained in the account at all times except as provided by
 14 this subsection.

15 ➔Section 31. KRS 141.434 is amended to read as follows:

- 16 (1) There is hereby created a Kentucky New Markets Development Program tax credit.
- 17 (2) A person or entity that makes a qualified equity investment earns a vested right to
 18 the tax credit created by subsection (1) of this section. The amount of the credit
 19 shall be equal to thirty-nine percent (39%) of the purchase price of the qualified
 20 equity investment made by the person or entity claiming the credit. The tax credit
 21 may be utilized as follows:
- 22 (a) The holder of the qualified equity investment on a particular credit allowance
 23 date of the qualified equity investment, whether it be the original purchaser or
 24 subsequent holder of the qualified equity investment, may utilize a portion of
 25 the tax credit against its tax liability for the taxable year that includes the
 26 credit allowance date equal to the applicable percentage for the credit
 27 allowance date multiplied by the purchase price paid for the qualified equity

1 investment;

2 (b) Any tax credit that a taxpayer may not utilize during a particular year may be
3 carried forward for use in any subsequent tax year; and

4 (c) An insurance company claiming a tax credit against the insurance premium
5 tax is not required to pay additional retaliatory tax levied pursuant to KRS
6 304.3-270.

7 (3) No tax credit claimed under this section may be sold or transferred. Tax credits that
8 a partnership, limited liability company, S corporation, or other pass-through entity
9 claims may be allocated to the partners, members, or shareholders of the entity for
10 their direct use in accordance with the provisions of any agreement among the
11 partners, members, or shareholders.

12 (4) The total amount of tax credits that may be awarded by the department pursuant to
13 KRS 141.432 to 141.434 shall be limited to ten million dollars (\$10,000,000)~~{five~~
14 ~~million dollars (\$5,000,000)}~~ in each fiscal year. Once the department has certified a
15 cumulative amount of qualified equity investments that can result in the utilization
16 of this total amount of tax credits in a fiscal year, the department may not certify
17 any more qualified equity investments. This limitation on qualified equity
18 investments shall be based on scheduled utilization of tax credits without regard to
19 the potential for taxpayers to carry forward tax credits to subsequent tax years.

20 ➔SECTION 32. A NEW SECTION OF KRS 157.611 TO 157.623 IS CREATED
21 TO READ AS FOLLOWS:

22 (1) The emergency and targeted investment fund is hereby created as a restricted
23 fund in the State Treasury, to be administered by the School Facilities
24 Construction Commission.

25 (2) (a) Notwithstanding KRS 45.229 or any other provision of the Kentucky
26 Revised Statutes, any appropriations to the School Facilities Construction
27 Commission that have not been expended at the end of a fiscal year shall

1 not lapse but shall be transferred to the emergency and targeted investment
 2 fund. The fund may also receive other appropriations from the General
 3 Assembly and reimbursements from local school districts.

4 (b) Notwithstanding KRS 45.229, amounts remaining in the emergency and
 5 targeted investment fund at the end of a fiscal year shall not lapse but shall
 6 be carried forward to the next fiscal year, to be used for the purposes set
 7 forth in this section.

8 (3) Notwithstanding KRS 157.620 and 157.622, the commission may use moneys in
 9 the fund to offer grants for the purposes of financing the construction and
 10 equipping of new facilities, or the major renovation of current facilities, if a local
 11 school district's facilities are:

12 (a) Destroyed or severely damaged by an emergency. For the purposes of this
 13 paragraph, "emergency" means a condition that arises from an accident,
 14 catastrophe, or other unforeseen occurrence such as a fire, storm, flood, or
 15 other event that involves unusual danger to the lives or property of area
 16 residents;

17 (b) Destroyed or severely damaged through a criminal or negligent act;

18 (c) Rendered structurally unsound, hazardous, or uninhabitable as determined
 19 by local authorities or the commissioner of education; or

20 (d) Reasonably expected to be rendered uninhabitable within the course of two
 21 (2) years as determined by local authorities or the commissioner of
 22 education.

23 (4) If a school district receives assistance from the commission under this section
 24 and subsequently, as a result of litigation or insurance, receives funds for the
 25 original facility, the school district shall reimburse the fund an amount equal to
 26 the amount received pursuant to this section. If the litigation or insurance
 27 receipts are less than the amount received under this section, the district shall

1 reimburse the fund an amount equal to the amount received as a result of
 2 litigation or insurance, less the district's costs and legal fees in securing the
 3 judgment or payment.

4 (5) The commission, in cooperation with the department, shall promulgate
 5 administrative regulations under KRS Chapter 13A establishing the process to
 6 apply for and receive funds from the emergency and targeted investment fund.

7 (6) By October 1 of each year, the commission shall provide a report on the fund's
 8 activities to the Legislative Research Commission.

9 ➔ Section 33. KRS 154A.020 is amended to read as follows:

- 10 (1) There is hereby created and established a state lottery which shall be administered
 11 by an independent, de jure municipal corporation and political subdivision of the
 12 Commonwealth of Kentucky which shall be a public body corporate and politic to
 13 be known as the Kentucky Lottery Corporation. The corporation shall be deemed a
 14 public agency within the meaning of KRS 61.805 and 61.870. This corporation
 15 shall be managed in such a manner that enables the people of the Commonwealth to
 16 benefit from its profits and to enjoy the best possible lottery games. The General
 17 Assembly hereby recognizes that the operations of a lottery are unique activities for
 18 state government and that a corporate structure will best enable the lottery to be
 19 managed in an entrepreneurial and business-like manner. ~~It is the intent of the~~
 20 ~~General Assembly that government programs and services shall not be mentioned in~~
 21 ~~advertising or promoting a lottery.~~ It is [also] the intent of the General Assembly
 22 that the Kentucky Lottery Corporation shall be accountable to the Governor, the
 23 General Assembly and the people of the Commonwealth through a system of audits,
 24 reports and thorough financial disclosure as required by this chapter.
- 25 (2) The existence of the corporation shall begin only upon confirmation of the members
 26 of the board by the Senate as provided in KRS 154A.030. Until the time of such
 27 confirmation, no business shall be conducted on behalf of the lottery.

1 (3) Notwithstanding any other provision of law to the contrary, no official action of any
 2 form shall be taken by the board at any time unless a majority of the members of the
 3 board shall have been confirmed by the Senate as provided in KRS 154A.030. Any
 4 action taken on behalf of the lottery when less than a majority of the members of the
 5 board shall have been confirmed shall be of no effect.

6 ➔Section 34. **Administrative Fee on Infrastructure for Economic**
 7 **Development Fund Projects:** A one-half of one percent administrative fee is authorized
 8 to be paid to the Kentucky Infrastructure Authority for the administration of each project
 9 funded by the Infrastructure for Economic Development Fund for Coal-Producing
 10 Counties and the Infrastructure for Economic Development Fund for Tobacco Counties.
 11 These administrative fees shall be paid, upon inception of the project, out of the fund
 12 from which the project was allocated.

13 ➔Section 35. **Charges for Federal, State, and Local Audits:** Any additional
 14 expenses incurred by the Auditor of Public Accounts for required audits of Federal Funds
 15 shall be charged to the audited government or agency. Because the Auditor of Public
 16 Accounts receives General Fund appropriations for audits of the statewide systems of
 17 personnel and payroll, cash and investments, revenue collection, and the state accounting
 18 system, any expenses incurred by the Auditor of Public Accounts for other state agency
 19 audits shall be charged to the agency audited. The Auditor of Public Accounts shall
 20 maintain a record of all time and expenses for each audit or investigation.

21 Any expenses incurred by the Auditor of Public Accounts for auditing individual
 22 governmental entities when mandated by a legislative committee shall be charged to the
 23 agency or entity receiving audit services.

24 ➔Section 36. **Sale of Abandoned Property by Finance and Administration**
 25 **Cabinet:** Notwithstanding KRS 393.125, unclaimed securities held by the Department of
 26 the Treasury may be sold with the receipts, net of estimated claims to be paid, available
 27 for appropriation to the General Fund during the 2014-2016 biennium. The Secretary of

1 the Finance and Administration Cabinet shall determine when to initiate the sale of
2 securities based on the market structure and the financial status of the Commonwealth at
3 the time.

4 →Section 37. Whereas it is necessary for the Treasurer to obtain control of United
5 States savings bonds so that he may restore the proceeds of the United States savings
6 bonds to the rightful owner, an emergency is declared to exist, and Sections 4 and 5 of
7 this Act take effect upon its passage and approval by the Governor or upon its otherwise
8 becoming a law.

9 →Section 38. Whereas the situation relating to the taxation of wagering on
10 historical horse races needs to be remedied as quickly as possible, an emergency is
11 declared to exist, and Sections 6, 7, and 9 of this Act take effect upon its passage and
12 approval by the Governor or upon its otherwise becoming a law.

13 →Section 39. The provisions of Sections 6, 7, and 9 of this Act, relating to
14 historical horse races, shall have retroactive effect, and shall apply beginning September
15 1, 2011.

16 →Section 40. Sections 2 and 3 of this Act shall apply to taxable years beginning
17 on or after January 1, 2014.

18 →Section 41. Sections 34 to 36 of this Act are effective for and apply to the fiscal
19 year beginning July 1, 2014, and ending June 30, 2015, and the fiscal year beginning July
20 1, 2015, and ending June 30, 2016, and shall expire at the end of June 30, 2016.

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Legislative Branch

House Bill 253

Legislative Branch

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	53,800,100	50,883,800	53,800,100	56,437,200	60,139,500
Continuing Approp.-General Fund	13,193,736	13,997,320	13,673,000	13,673,000	11,351,800
Total General Fund	66,993,836	64,881,120	67,473,100	70,110,200	71,491,300
Restricted Funds					
Balance Forward	1,476,759	1,646,080	1,347,600	1,347,600	867,600
Current Receipts	184,320	29,500	714,000	50,000	120,000
Fund Transfers	-15,000			-480,000	
Total Restricted Funds	1,646,080	1,675,580	2,061,600	917,600	987,600
Federal Funds					
Current Receipts			900		
Total Federal Funds			900		
TOTAL SOURCE OF FUNDS	68,639,916	66,556,700	69,535,600	71,027,800	72,478,900
EXPENDITURES BY CLASS					
Personnel Cost	38,146,424	38,505,257	43,247,500	46,656,800	48,064,700
Operating Expenses	10,804,479	10,326,563	11,117,500	10,222,000	10,222,000
Capital Outlay	31,112	23,535	150,000		
TOTAL EXPENDITURES	48,982,015	48,855,355	54,515,000	56,878,800	58,286,700
EXPENDITURES BY FUND SOURCE					
General Fund	48,982,015	48,527,400	53,800,100	56,828,800	58,166,700
Restricted Funds		327,955	714,000	50,000	120,000
Federal Funds			900		
TOTAL EXPENDITURES	48,982,015	48,855,355	54,515,000	56,878,800	58,286,700
EXPENDITURES BY UNIT					
Legislative Branch	48,982,015	48,855,355	54,515,000	56,878,800	58,286,700
TOTAL EXPENDITURES	48,982,015	48,855,355	54,515,000	56,878,800	58,286,700



GENERAL ASSEMBLY COMMONWEALTH OF KENTUCKY

2014 REGULAR SESSION

HOUSE BILL NO. 253

AS ENACTED

MONDAY, MARCH 31, 2014

1 AN ACT making appropriations for the operations, maintenance, and support of the
2 Legislative Branch of the Commonwealth of Kentucky.

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

4 ➔Section 1. The Legislative Branch Budget is as follows:

5 **PART I**

6 **OPERATING BUDGET**

7 **Funds Appropriations:** Funds are appropriated to the Legislative Research
8 Commission for the Legislative Branch of government out of the General Fund and
9 Restricted Funds accounts for the fiscal year beginning July 1, 2014, and ending June 30,
10 2015, and for the fiscal year beginning July 1, 2015, and ending June 30, 2016, in the
11 following discrete sums, or so much thereof as may be necessary. Each appropriation is
12 made by the source of respective fund or funds accounts to be used for the purposes of the
13 Legislative Branch of government of the Commonwealth of Kentucky.

	2014-15	2015-16
14		
15 1. General Assembly		
16 General Fund	19,704,000	20,505,600
17 Restricted Funds	50,000	120,000
18 TOTAL	19,754,000	20,625,600

19 **(1) Legislators Retirement and Compensation:** The above appropriation to the
20 General Assembly includes funds for the Legislators Retirement Plan in each fiscal year.
21 Notwithstanding KRS 6.190 and 6.213, the daily compensation provided by KRS 6.190
22 and the interim expense allowance provided by KRS 6.213 for members of the General
23 Assembly shall remain at the January 1, 2014, level.

24 **(2) Kentucky Legislative Ethics Commission:** Included in the above General
25 Fund appropriation is \$388,500 in fiscal year 2014-2015 and \$388,600 in fiscal year
26 2015-2016 for the Kentucky Legislative Ethics Commission. Included in the above
27 Restricted Funds appropriation is \$50,000 in fiscal year 2014-2015 and \$120,000 in fiscal

1 appropriations to the Legislative Research Commission for the Legislative Branch of
2 government shall not be governed by KRS 7A.010, 7A.120, 45.750 to 45.810,
3 48.010(16), 48.020, and 48.110.

4 **3. Severability of Budget Provisions:** Appropriation items and sums in this Act
5 conform to KRS 48.311. If any section, any subsection, or any provision thereof shall be
6 invalid or unconstitutional, the decision of the courts shall not affect or impair any of the
7 remaining sections, subsections, or provisions.

8 **4. Duplicate Appropriation:** Any appropriation item and sum in this Act and in
9 an appropriation provision in another Act of the 2014 Regular Session of the General
10 Assembly which constitutes a duplicate appropriation shall be governed by KRS 48.312.

11 **5. Priority of Individual Appropriations:** KRS 48.313 shall control when a
12 total or subtotal figure in this Act conflicts with the sum of the appropriations of which it
13 consists.

14 **6. Appropriations Revisions:** Proposed revisions to Restricted Funds
15 appropriations in this Act shall be made and reported pursuant to KRS 48.630(10). The
16 Director of the Legislative Research Commission may transfer any available funds
17 between all appropriation units as needed to meet the constitutional requirements of the
18 Legislative Branch for fiscal years 2013-2014, 2014-2015, and 2015-2016.

19 **7. Allowance in Lieu of Stationery:** Notwithstanding KRS 6.220, in lieu of
20 stationery, there shall be allowed to each member of the House of Representatives the
21 sum of \$250 and to each member of the Senate the sum of \$500. This allowance shall be
22 paid out of the State Treasury at the beginning of each legislative session.

23 **8. Issuance of Employee Paychecks:** Notwithstanding 101 KAR 2:095, Section
24 10, the state payroll that would normally be scheduled to be paid on June 30, 2015, and
25 June 30, 2016, shall not be issued prior to July 1, 2015, and July 1, 2016.

26 **9. Salary Adjustments:** In each fiscal year, employees of the Legislative
27 Research Commission shall receive a salary adjustment in accordance with the salary

1 adjustment provided to state employees in the state/executive branch budget.

2 **10. Study of Off-Budget Accounts:** The staff of the Legislative Research
 3 Commission shall study the use of off-budget accounts utilized for Restricted Funds of
 4 state agencies. The study shall address the following related to off-budget Restricted
 5 Funds accounts:

6 (a) The source of funds and purpose for the receipts of all funds maintained in
 7 off-budget accounts;

8 (b) The specific types of activities funded with the receipts;

9 (c) The statutory provisions and legal authority for each account; and

10 (d) The history of receipts, expenditures, transfers, and balances in off-budget
 11 accounts.

12 Staff shall transmit the results of the study to the Legislative Research Commission
 13 for distribution to the Interim Joint Committee on Appropriations and Revenue by July 1,
 14 2015.

15 **PART III**

16 **RESTRICTED FUNDS TRANSFER**

17 The General Assembly finds that the financial condition of state government
 18 requires the following action.

19 Notwithstanding the statutes or requirements of the Restricted Funds enumerated
 20 below, there is transferred to the General Fund the following amounts in fiscal year 2014-
 21 2015 and fiscal year 2015-2016:

	2014-15	2015-16
22		
23 1. General Assembly		
24 Agency Revenue Fund	480,000	-0-
25 2. Legislative Research Commission		
26 Long Term Policy Endowment Fund	1,011,500	-0-
27 (KRS 7B.080(2))		

Judicial Branch

House Bill 238

Judicial Branch

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	316,338,800	316,211,100	315,602,000	334,049,600	337,449,600
Continuing Approp.-General Fund	1,455,974	239,787	8,973,100	119,800	119,800
Total General Fund	317,794,774	316,450,887	324,575,100	334,169,400	337,569,400
Restricted Funds					
Balance Forward	22,685,957	20,909,696	19,811,046	12,532,446	6,472,546
Current Receipts	17,847,626	26,434,167	25,517,500	25,517,500	25,441,600
Non-Revenue Receipts	18,127,519	18,505,219	17,690,000	17,690,000	17,697,700
Total Restricted Funds	58,661,102	65,849,082	63,018,546	55,739,946	49,611,846
Federal Funds					
Current Receipts	3,507,000	4,245,000	3,128,300	3,599,300	3,611,200
Total Federal Funds	3,507,000	4,245,000	3,128,300	3,599,300	3,611,200
TOTAL SOURCE OF FUNDS	379,962,876	386,544,969	390,721,946	393,508,646	390,792,446
EXPENDITURES BY CLASS					
Personnel Cost	192,539,256	200,306,649	212,010,500	227,373,700	231,180,000
Operating Expenses	156,964,625	157,343,752	162,759,200	156,242,600	156,192,600
Debt Service			3,200,000	3,200,000	3,200,000
Capital Outlay	190,512	110,309	100,000	100,000	100,000
TOTAL EXPENDITURES	349,694,393	357,760,710	378,069,700	386,916,300	390,672,600
EXPENDITURES BY FUND SOURCE					
General Fund	308,435,987	307,477,674	324,455,300	334,049,600	337,449,600
Restricted Funds	37,751,406	46,038,036	50,486,100	49,267,400	49,611,800
Federal Funds	3,507,000	4,245,000	3,128,300	3,599,300	3,611,200
TOTAL EXPENDITURES	349,694,393	357,760,710	378,069,700	386,916,300	390,672,600
EXPENDITURES BY UNIT					
Court Operations & Administration	225,238,106	233,419,536	245,776,600	258,499,700	262,256,000
Local Facilities Fund	118,716,187	112,724,874	120,353,300	111,500,000	111,500,000
Local Facilities Use Allowance		116,800			
Contingency Fund					
Judicial Form Retirement System	5,740,100	11,499,500	11,939,800	16,916,600	16,916,600
TOTAL EXPENDITURES	349,694,393	357,760,710	378,069,700	386,916,300	390,672,600



GENERAL ASSEMBLY COMMONWEALTH OF KENTUCKY

2014 REGULAR SESSION

HOUSE BILL NO. 238

AS ENACTED

MONDAY, MARCH 31, 2014

1 AN ACT making appropriations for the operations, maintenance, support, and
 2 functioning of the Judicial Branch of the government of the Commonwealth of Kentucky
 3 and its various officers, boards, commissions, subdivisions, and other state-supported
 4 activities.

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

6 ➔Section 1. The Judicial Branch Budget is as follows:

7 **PART I**

8 **OPERATING BUDGET**

9 **(1) Funds Appropriations:** There is appropriated out of the General Fund,
 10 Restricted Funds accounts, or Federal Funds accounts for the fiscal year beginning July 1,
 11 2014, and ending June 30, 2015, and for the fiscal year beginning July 1, 2015, and
 12 ending June 30, 2016, the following sums to be used for the purposes of the Judicial
 13 Branch of the government of the Commonwealth of Kentucky, including the Supreme
 14 Court, Court of Appeals, Circuit Court, Family Court, District Court, the Administrative
 15 Office of the Courts, Judicial Retirement, Local Facilities Fund, Local Facilities Use
 16 Allowance Contingency Fund, and for services performed by the Circuit Court Clerks'
 17 offices, including both Circuit and District Court support.

18 **1. Court of Justice**

19 **a. Court Operations and Administration**

	2014-15	2015-16
21 General Fund	205,633,000	209,033,000
22 Restricted Funds	49,267,400	49,611,800
23 Federal Funds	3,599,300	3,611,200
24 TOTAL	258,499,700	262,256,000

25 **(1) Funds Carry Forward:** Notwithstanding KRS 45.229, any unexpended
 26 balance remaining at the close of fiscal year 2013-2014 shall not lapse and shall continue
 27 into fiscal year 2014-2015, and any unexpended balance remaining at the close of fiscal

1 year 2014-2015 shall not lapse and shall continue into fiscal year 2015-2016.

2 **(2) Salary Structure:** Included in the above General Fund appropriation is
 3 \$8,289,200 in fiscal year 2014-2015 and \$8,907,600 in fiscal year 2015-2016 for salary
 4 improvements. The funding shall be allocated in the following manner:

5 (a) A salary adjustment for non-elected eligible full-time and part-time employees
 6 shall be allocated in fiscal year 2014-2015 according to the Chief Justice’s Judicial
 7 Branch salary structure plan;

8 (b) A salary adjustment amounting to a percentage value on the base salary or
 9 wages of each non-elected eligible full-time and part-time employee on his or her
 10 anniversary date is provided in fiscal year 2014-2015. The amount of salary adjustment is
 11 determined by each eligible employee’s annual base salary or wages on his or her
 12 anniversary date, and the following table reflects the percentage of the salary adjustment
 13 for fiscal year 2014-2015:

14 Annual Base Salary or Wages	14 2014-15
15 \$0 to \$27,000.00	5%
16 \$27,000.01 to \$36,000.00	3%
17 \$36,000.01 to \$50,000.00	2%
18 \$50,000.01 and above	1%

19 In fiscal year 2015-2016, a cost-of-living adjustment of one percent is provided on
 20 the base salary or wages of each non-elected state employee on his or her anniversary
 21 date; and

22 (c) Any funds remaining from the additional \$8,289,200 provided in fiscal year
 23 2014-2015 and \$8,907,600 in fiscal year 2015-2016 shall be allocated to the elected
 24 Circuit Clerks to improve salary parity for the Circuit Clerks with other elected county
 25 officials.

26 (d) Salaries and wages for all judges shall not be increased during the 2014-2016
 27 fiscal biennium.

1 **(3) Civil Filing Fees:** Pursuant to its authority, if the Supreme Court retains the
 2 increase in civil filings fees that was effective in 2008, the additional income resulting
 3 from the fee increases, not to exceed \$5,000,000 in each fiscal year of the biennium, shall
 4 be deposited into a trust and agency account for court operations. Any revenue generated
 5 by these increases in excess of the \$5,000,000 in each fiscal year of the biennium shall be
 6 deposited into the General Fund.

7 **(4) Realignment of Circuit and District Judicial Boundaries:** The
 8 Administrative Office of the Courts shall develop and implement a weighted caseload
 9 system to precisely measure and compare judicial caseloads throughout the
 10 Commonwealth on the Circuit Court, Family Court, and District Court levels for the
 11 purpose of recommending a plan for the realignment of the circuit and district judicial
 12 boundaries. This plan shall be submitted to the House and Senate Judiciary Committees
 13 by January 15, 2016.

14 **(5) Night Court in Jefferson County:** The Administrative Office of the Courts
 15 shall continue the operations and current schedule of night court in Okolona and
 16 Middletown in Jefferson County in fiscal year 2014-2015 and fiscal year 2015-2016.

17 **b. Local Facilities Fund**

	2014-15	2015-16
18 General Fund	111,500,000	111,500,000

20 **(1) Local Court Facility Compensation:** Included in the above appropriation are
 21 moneys to compensate local units of government for providing court space and for costs
 22 incurred in the development of local court facilities as defined in KRS Chapter 26A and
 23 provided in Part II of this Act, and to perform all other acts required or authorized by
 24 KRS Chapter 26A.

25 **(2) Funds Carry Forward:** Notwithstanding KRS 45.229, any unexpended
 26 balance remaining at the close of fiscal year 2013-2014 shall not lapse and shall continue
 27 into fiscal year 2014-2015, and any unexpended balance remaining at the close of fiscal

1 year 2014-2015 shall not lapse and shall be continued into fiscal year 2015-2016.

2 **(3) Fayette County Courthouse Use Allowance:** The use allowance for the
 3 Fayette County Courthouse is contingent upon Short Street in Lexington, Kentucky
 4 remaining open to traffic.

5 **c. Local Facilities Use Allowance Contingency Fund**

6	2014-15	2015-16
7 General Fund	-0-	-0-

8 **(1) Funds Carry Forward:** Notwithstanding KRS 45.229, any unexpended
 9 balance remaining at the close of fiscal year 2013-2014 shall not lapse and shall continue
 10 into fiscal year 2014-2015, and any unexpended balance remaining at the close of fiscal
 11 year 2014-2015 shall not lapse and shall continue into fiscal year 2015-2016 to provide
 12 for cost overruns in authorized court facilities projects not to exceed 15 percent of the use
 13 allowance in accordance with KRS Chapter 26A.

14 **TOTAL - COURT OF JUSTICE**

15	2014-15	2015-16
16 General Fund	317,133,000	320,533,000
17 Restricted Funds	49,267,400	49,611,800
18 Federal Funds	3,599,300	3,611,200
19 TOTAL	369,999,700	373,756,000

20 **2. Judicial Retirement System**

21	2014-15	2015-16
22 General Fund	16,916,600	16,916,600

23 **(1) Judicial Retirement Benefits:** Included in the above General Fund
 24 appropriation are sufficient funds to provide actuarial-assessed judicial retirement
 25 benefits pursuant to KRS 21.345 to 21.580.

26 **(2) Pension Benefit Increase:** Notwithstanding KRS 21.405(5), no pension
 27 benefit increase shall be granted to recipients of a retirement allowance under KRS

1 21.345 to 21.570 on July 1, 2014, or July 1, 2015.

2 **TOTAL - OPERATING BUDGET**

3		2014-15	2015-16
4	General Fund	334,049,600	337,449,600
5	Restricted Funds	49,267,400	49,611,800
6	Federal Funds	3,599,300	3,611,200
7	TOTAL	386,916,300	390,672,600

8 **PART II**

9 **CAPITAL PROJECTS BUDGET**

10 **(1) Authorization of Capital Projects:** It is the intent of the General Assembly
 11 that any capital project proposed by any state government entity, including the agencies
 12 and subdivisions of the Court of Justice, shall be authorized by the General Assembly
 13 prior to the project's financing and construction, in accordance with KRS 7A.010,
 14 7A.120, 45.750, 45.760, 45.763, 45.765, and 48.110. Pursuant to KRS 45.760(1), the
 15 amount allotted, from all sources, for expenditure on any capital project, including leases
 16 as defined by KRS 45.750, shall not exceed the estimated cost as shown in this Act.

17 **(2) Capital Projects and Bond Oversight Committee:** Capital construction
 18 projects and major items of equipment that are not specifically listed in this Act may be
 19 authorized only after submission of the project to the Capital Projects and Bond
 20 Oversight Committee and in accordance with the other requirements of KRS 45.760(7).
 21 Moneys may be transferred to the allotment account of any capital project only after
 22 submission of the project to the Capital Projects and Bond Oversight Committee and in
 23 accordance with the other requirements of KRS 45.760(6). As required by KRS 45.760,
 24 all capital construction items authorized in this Act shall be constructed in accordance
 25 with this Act, supporting documentation considered by the General Assembly, and
 26 Judicial Branch budget records. Any modifications to the scope of a capital construction
 27 project or to a lease shall be reported to the Capital Projects and Bond Oversight

1 Committee before execution.

2 **Budget Units** **2014-15** **2015-16**

3 **1. Court Operations and Administration**

4 **001. Phase 1 E-Case and Docket Management System Reauthorization**
 5 (\$28,100,000 Agency Bonds)

6 **2. Local Facilities Projects**

7 Project	8 Project Scope
------------------	------------------------

9 001. Nicholas	10,368,300
------------------------	------------

11 002. Henry	12,225,200
----------------------	------------

12 **(1) Court Facility Planning Process:** The county shall require the Project
 13 Development Board to hire a certified architect not otherwise involved with the project to
 14 conduct an independent feasibility study to determine whether the needs of the
 15 community and the Court of Justice can best be met through the construction of a
 16 freestanding building, or through an addition and/or renovation of the existing court
 17 facility. The cost for this study shall be an accepted and approved portion of the planning
 18 process, and shall be eligible for reimbursement from the bond proceeds.

19 **(2) Deferred Funding:** General Fund support to provide operating costs totaling
 20 \$586,500, annualized use allowance payments totaling \$2,132,700, and nonrecurring
 21 furniture and equipment costs totaling \$1,025,000, less offsetting payments totaling
 22 \$97,400 for Nicholas County and Henry County Judicial Center projects is deferred to the
 23 2016-2018 fiscal biennium.

24 **3. Lease Authorizations**

25 **001. Franklin County - Lease - Court of Appeals**

26 **002. Jefferson County - Lease - Parking**

27 **(1) Local Facilities Projects - Authorized:** Nothing in this Act shall reduce
 funding of court facility projects authorized by the General Assembly.

(2) Local Facilities Use Allowance Contingency Fund: For any court facility

1 project which is occupied and use allowance funding is insufficient, the use allowance
 2 payments shall be approved from the Local Facilities Use Allowance Contingency Fund.
 3 If funds are not available in the Local Facilities Use Allowance Contingency Fund, the
 4 Chief Justice may transfer funds from other Judicial Branch accounts in accordance with
 5 Part III, General Provisions, Section 7 of this Act to make the necessary payments.

6 **TOTAL - JUDICIAL BRANCH BUDGET**

7		2014-15	2015-16
8	General Fund	334,049,600	337,449,600
9	Restricted Funds	49,267,400	49,611,800
10	Federal Funds	3,599,300	3,611,200
11	TOTAL	386,916,300	390,672,600

12 **PART III**

13 **GENERAL PROVISIONS**

14 **1. Expenditure Authority:** The Director of the Administrative Office of the
 15 Courts, with the approval of the Chief Justice, may expend any of the funds appropriated
 16 for court operations and administration in any lawful manner and for any legal purpose
 17 that the Chief Justice shall authorize or direct. All expenditures shall conform with Part
 18 III, General Provisions, Section 7 of this Act. No executive agency of state government
 19 shall have the power to restrict or limit the expenditure of funds appropriated to the
 20 Judicial Branch of government.

21 **2. Severability of Budget Provisions:** Appropriation items and sums in this Act
 22 conform to KRS 48.311. If any section, any subsection, or any provision thereof shall be
 23 invalid or unconstitutional, the decision of the courts shall not affect or impair any of the
 24 remaining sections, subsections, or provisions.

25 **3. Duplicate Appropriations:** Any appropriation item and sum in this Act and
 26 in an appropriation provision in another Act of the 2014 Regular Session of the General
 27 Assembly which constitutes a duplicate appropriation shall be governed by KRS 48.312.

1 **4. Priority of Individual Appropriations:** KRS 48.313 shall control when a
2 total or subtotal figure in this Act conflicts with the sum of the appropriations of which it
3 consists.

4 **5. Carry Forward of Restricted and Federal Funds:** Notwithstanding KRS
5 45.229, any unexpended balance remaining in the Court's Restricted Funds accounts or
6 Federal Funds accounts at the close of the fiscal years ending June 30, 2014, and June 30,
7 2015, shall not lapse and shall continue into the next fiscal year.

8 **6. Final Budget Document:** The Chief Justice shall cause the Director of the
9 Administrative Office of the Courts to prepare a final budget document reflecting the
10 2014-2016 biennial budget of the Court of Justice. A copy shall be provided to the
11 Legislative Research Commission and an informational copy shall be furnished to the
12 Finance and Administration Cabinet within 60 days of the adjournment of the 2014
13 Regular Session of the General Assembly.

14 **7. Transferability of Funds:** The Chief Justice of the Commonwealth of
15 Kentucky may transfer funds among three appropriation units within the Judicial Branch.
16 These are: Court Operations and Administration, Local Facilities Fund, and Local
17 Facilities Use Allowance Contingency Fund. The Chief Justice may transfer funds from
18 any appropriation unit to a capital project, lease, or lease-purchase only if that capital
19 project, lease, or lease-purchase has been authorized by the General Assembly.

20 **8. Appropriations Revisions:** Proposed revisions to Restricted Funds and
21 Federal Funds appropriations in this Act shall be made and reported pursuant to KRS
22 48.630(10). The Director of the Administrative Office of the Courts shall notify on a
23 timely basis the Legislative Research Commission of the most current estimates of
24 anticipated receipts for the affected fiscal year and an accompanying statement which
25 explains variations from the anticipated amount.

26 **9. Maximum Salary of Trial Commissioners:** Notwithstanding KRS
27 24A.100(3), funds are included to continue the statutory maximum salary of trial

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-
- State of the Commonwealth 2014
January 7, 2014
 - 2014-2016 State Budget Address
January 21, 2014



Commonwealth of Kentucky
Office of the Governor

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State of the Commonwealth
Jan. 7, 2014
Gov. Steve Beshear

Mr. President, Mr. Speaker, distinguished members of the Kentucky General Assembly, Lt. Governor and Mrs. Abramson, other Constitutional officers, honorable members of the Court of Justice, honored guests, including Kentucky's First Lady, and my fellow Kentuckians ...

For the seventh time, I come before you to report on the State of the Commonwealth.

Last year, I began this annual address by describing a new atmosphere of civility, a new attitude that had created a fresh willingness to engage in respectful dialogue and to seek consensus on difficult issues.

As a result, I said then that I was:

“Excited about the challenges ahead.

Optimistic about the chances of success.

And eager to get started.”

Well ... my confidence was rewarded.

Despite differences of party and geography, you and I collaborated in the spring of 2013 to pass the Graduation Bill ... to further protect our families from the scourge of prescription drug addiction ...

to expand infant health screenings ...

to create a panel to investigate cases of child death or serious injury due to neglect or abuse ...

to authorize financing for 11 building projects on our university campuses ...

and to resolve a huge unfunded liability in our public pension system by reforming our benefits and raising \$100 million in recurring revenues to finally put our system on the path to financial stability.

These were stubborn challenges.

But we ignored the partisan shouting match enveloping this country and made meaningful progress on fundamental weaknesses that have sapped Kentucky's strength for generations.

As a result of our efforts both last year and over the last six years, we are shrugging off an historic reputation for backwardness and instead are writing a new narrative founded on change and innovation.

And the nation has taken notice.

Over the last three months I've told Kentucky's story to influential media like "Meet the Press," C-SPAN, CNN, the BBC, NPR, CBS Evening News and in the Wall Street Journal and The New York Times.

These national opinion-shapers didn't want to talk about the usual Kentucky subjects of basketball, bourbon and horse racing – although those are interesting topics.

They wanted to know about Kentucky leading the way on providing affordable health care to all of its people and designing a high-tech benefits exchange that has become a national model.

They wanted to talk about Kentucky being in the forefront in adopting state-written and locally-implemented standards for education as required by Senate Bill 1 ...

about Kentucky raising its dropout age ...

about us setting new records in exports ...

about us bringing thousands of jobs from places like India, China, Japan, France, Germany, Russia, Australia and Austria ...

about us moving to No. 3 in building cars ...

about us pushing the envelope on research in areas like advanced batteries and health sciences ...

and about Kentucky outmaneuvering the competition to secure award-winning deals involving Ford, GE and Toyota.

In short, they wanted to talk about Kentucky as a leader in this nation.

The decisions that you and I made together during the worst recession in almost a century not only put Kentucky on a more sound financial footing – they also have made us a force in the 21st Century economy.

So thank you to everybody in this room and those watching at home who have worked with me on these issues.

Now, there is plenty left to do.

Today, we begin the 2014 session of the General Assembly amid an even more vitriolic national atmosphere.

Yet I stand here again feeling confident that we in Kentucky can ignore the pull of partisanship and make this session as productive and successful as last year's.

And we must do so, for the urgency remains.

We must continue to focus our attention not on the next headline or next election but on a collective vision of a stronger Kentucky.

What does that Kentucky look like?

**It's a place where every person who needs a job has one ...
where every child has the opportunity to be successful ...
and where every family enjoys financial security and a high quality of life.**

But core challenges continue to stand in our way, and although we have made significant progress, much more needs to be done.

What are those challenges?

They include:

- A population whose collective health stubbornly remains among the worst in the nation.
- An education system that still isn't as effective as it needs to be.

- A workforce that isn't as trained and skilled as the marketplace demands.
- And an archaic tax system that works against us, not for us.

Tonight I want to talk about the progress we're making together toward achieving our collective vision for Kentucky ...

and about my agenda both for this 60-day session and for the coming year, because it's an agenda that continues that progress by focusing on overcoming those pressing challenges.

Our top priority remains jobs.

Putting Kentuckians to work is the single-best thing we can do both for our families and our state.

The good news is that companies want to come to Kentucky, and Kentucky companies continue to expand workforces, facilities and production lines.

Our flexible economic development incentives and friendly business climate continue to be attractive.

In 2013, we announced 217 projects representing more than 12,000 projected new jobs. These projects represent more than \$3.1 billion in investment.

Since you and I overhauled our incentive programs in 2009, we have used those programs to partner on over 600 projects representing nearly \$7.3 billion in investment.

As these companies follow through with their plans, they stand to create or retain over 47,000 Kentucky jobs.

In 2012 we set a record with \$22.1 billion in exports of Kentucky-made products and services. After the first 11 months of 2013, we were 14.2 percent ahead of that record 2012 pace – an increase that is second highest among all the states.

In the auto industry alone, exports were up over 43 percent through the first three quarters.

This year, Kentucky became the third-highest auto-producing state in the country – surpassed only by Michigan and Ohio.

And measured per capita, through October we were No. 1 among the top vehicle-producing states.

Toyota announced in April that its Georgetown plant will be the first-ever U.S. production site for the Lexus ES 350 model, the top-selling Lexus sedan in the world. It was part of a half-billion-dollar investment.

And Ford announced plans to produce the all-new 2015 Lincoln MKC model at the Louisville Assembly Plant.

It's no wonder that Site Selection magazine in November ranked Kentucky's business climate ninth in the nation in 2013 – up two spots from 2012.

And it's no wonder that Kentucky is leading the nation in new business creation.

Listen to this:

As touted by Bloomberg News, the most recent figures from the Bureau of Labor Statistics show that the number of new businesses in Kentucky has grown by more than 6 percent from a year ago.

That's by far the largest percentage increase in the country, and it's four times the national average.

Meanwhile, in Jefferson County, we are building the single-largest transportation construction project in the history of this Commonwealth.

In June, we ceremonially broke ground for the \$1.3 billion Downtown Crossing – half of the long-awaited Louisville-Southern Indiana Ohio River Bridges Project.

In addition, in Covington last week, we took a big step forward on another long-needed bridge project that has been stalled for decades – the Brent Spence Bridge.

As required by the 2012 General Assembly, the Kentucky Transportation Cabinet and its Ohio counterpart submitted an initial financing plan to the Federal Highway Administration for the Brent Spence's replacement.

These bridge projects in both regions are strongly supported by their respective business communities because of the projects' dual economic impacts: Short-term they'll create construction jobs, and long-term they'll improve capacity by moving commerce and commuters for decades to come.

But we're not concentrating only on big projects and big manufacturers.

This year we created the Office of Entrepreneurship within the Cabinet for Economic Development to enhance existing efforts to help startup businesses every step of the way.

In November we also created the Kentucky Angel Investors Network to link private investors with entrepreneurs and start-ups.

Small and young companies are vital to our economic health.

By promoting innovation and entrepreneurial activity, we can improve Kentucky's competitive position in the world and enhance job creation at the same time.

We're also continuing to support my Hiring Kentucky Heroes initiative – which gives military veterans and their spouses help in finding a job.

The war overseas has slipped out of the public consciousness.

But here in Kentucky, we're well aware that we have many sons and daughters – both on active duty and in the Kentucky National Guard – who remain in danger zones even today ... and they will continue to have our full support both while they are on the battlefield and when they get home and need help adjusting back to civilian life.

We have also begun an aggressive initiative in Eastern Kentucky called “S.O.A.R.: Shaping Our Appalachian Region.”

That region has traditionally relied on the coal industry for much of its income and employment.

But a stunning downturn in the coal market is exacerbating historic challenges in Eastern Kentucky related to unemployment and poverty, deepening the suffering for many families.

S.O.A.R. will help the region develop and more importantly put into action new locally oriented strategies to attack those challenges.

We kicked off S.O.A.R. with a big bang:

In early December, U.S. Congressman Hal Rogers and I – along with President Stivers and Speaker Stumbo – co-hosted a one-day summit in Pikeville attended by over 1,700 Kentuckians.

Almost every member of the General Assembly from Eastern and Southern Kentucky attended that summit – as did leaders in business, education, health, social services, the environment, tourism and energy.

It was a huge sign of engagement from regional leaders, and we heard a lot of suggestions.

A planning committee is sifting through recommendations and will deliver a report to the Congressman and me very soon.

As part of our commitment to tangible action, the Congressman and I are looking for a way to invest in high-speed broadband access across the region ...

and I am also looking to find a way to finish “four-laning” the Mountain Parkway.

And I have a strong feeling that we may be receiving some news out of Washington as soon as tomorrow in support of S.O.A.R.'s goals ... and it's going to be great news.

We are at the beginning of a very long process to address these regional issues, but the Congressman, the President, the Speaker and I are determined to see this effort through, because every Kentuckian – including every Kentuckian in Eastern Kentucky – deserves the opportunity to share in that vision of a better quality of life.

Now, to allow every Kentuckian that opportunity, it is time to tackle one of those core challenges.

We must enhance our ability to attract and retain jobs by modernizing our tax system.

Kentucky generally gets good marks for our business tax climate, but in many ways our system of taxation remains archaic.

We need to revamp laws governing “what” and “how” we tax in order to improve our economic competitiveness ...

to reduce assessments that create an unlevel playing field for existing Kentucky businesses ...

and to treat our working families more fairly.

The Blue Ribbon Commission on Tax Reform chaired by Lt. Gov. Abramson delivered an array of recommended changes applying to businesses and our workforce, including lowering the top individual and corporate tax rates ...

broadening our tax base in the sales tax and retirement areas ...

establishing an angel investor tax credit for certain investments in small businesses ...

expanding the R&D tax credit to human capital ...

and making changes that favor Kentucky-based companies.

Now, most of this isn't new – in fact we've been talking about tax reform for decades.

Kentucky has undergone 12 prior studies of its tax system since 1982.

And our current study's conclusions mirror the previous 12.

So ...why are we ignoring these experts and economists?

If a person with a serious health condition visited 13 different doctors, and those doctors all agreed on the same diagnosis and issued the same prescription, it would be foolish to walk away without taking action.

My friends, it's time to take action.

I will present to you this session a tax modernization proposal with specific recommendations on how to move our tax system into the 21st Century.

It will include a recommendation for a Constitutional amendment to allow our local communities to vote on a local sales tax for specific projects they may need.

I realize that tax modernization is a sensitive topic, especially in an election year.

But the people elected us to tackle difficult issues.

So engage with me on a core weakness that is keeping the Commonwealth from reaching its potential.

Look, Kentucky is developing a modern education system, a modern health care delivery system and a modern economy.

So why should the Commonwealth continue to hamstring itself by using an outdated tax structure?

We must take action to build a more competitive Kentucky.

Improving the health of our workforce is another huge challenge for the entire Commonwealth.

Too many hard-working Kentuckians do not have the security that a healthy lifestyle brings.

Why?

Because they haven't been able to afford health care coverage.

About 1 in 7 Kentuckians -- some 640,000 of us – are uninsured.

These people are not anonymous statistics.

They're our friends and family. Our former classmates and hunting buddies.

Farmers on the tractor ... substitute teachers ... seasonal construction workers ... nurse's aides ... new graduates at high-tech startups ... grocery clerks.

You would be surprised at how many of Kentucky's uninsured you know.

Lack of health coverage puts their health and financial security at risk.

They get up every morning and go to work, hoping and praying they don't get sick.

They choose between food and medicine.

They skip visits to the doctor, hoping a condition turns out to be nothing.

And they live in fear and anxiety, knowing that bankruptcy is just one bad diagnosis away.

Furthermore, their children go long periods without checkups that focus on immunizations, preventive care and vision and hearing tests.

We as leaders have not only a moral obligation to help our uninsured, but we also have an economic responsibility to the Commonwealth.

The negative impact of so many uninsured has been a heavy anchor on our collective capacity.

It's decreased worker productivity.

It's kept our workforce from being as appealing as it should be to prospective businesses.

It's jacked up health-care costs.

And it's lowered our quality of life.

Kentucky ranks among the worst, if not the worst, in almost every major health category, from smoking to cancer deaths, preventable hospitalizations, cardiovascular and cardiac heart disease and diabetes.

That's why I seized the historic opportunity created by the federal government to address Kentucky's poor health in a transformative way.

We expanded Medicaid and – to link Kentuckians to private insurance – created a state-based health benefits exchange.

My decision to operate our own exchange was strongly supported by all the major players in the health-care industry, as well as the Kentucky Chamber of Commerce.

What we call “kynect” has become a national model.

Since Oct. 1, over 130,000 Kentuckians have used “kynect” to access health care coverage ... many of them for the first time in their lives.

In addition, over 500 small businesses have completed applications.

Those numbers will continue to grow as we enter a new phase of the sign-up period.

But increasing health care coverage is only one of several efforts we began in the last few years to change the face of health care in Kentucky.

Among other steps:

- Reform with a capital “R” in Medicaid, going to a managed care delivery model that more directly links public spending to better health outcomes.
- Improving dental care in poor areas, especially for our children.
- Adopting the use of electronic records to improve record-keeping and coordination of care.
- Funding more screening to catch early stages of diseases like cancer.
- Increasing access to affordable treatment for substance abuse and other mental health challenges.
- And supporting the successful effort by the University of Kentucky Markey Cancer Center to earn official recognition by the National Cancer Institute.

The prestigious NCI-designation will improve access to new drugs, treatment options and clinical trials, as well as making available millions of dollars in federal research grants.

But we are not finished.

All of these ongoing efforts give us a framework to attack Kentucky's poor health on a variety of fronts.

So in the next few weeks, I will unveil a new initiative that will intensify our efforts.

The initiative will identify a number of goals and the strategies to meet them for the next five years in Kentucky.

One of those goals will be to cut Kentucky's smoking rate by 10 percent by 2018.

Kentucky ranks 50th in smoking, which contributes to nation-leading rates of heart disease, respiratory illnesses and other chronic diseases.

Tobacco use is the single-biggest factor negatively impacting our health.

During this session, I will again support comprehensive, statewide smoke-free legislation.

More than two-thirds of the states and 38 cities and counties within Kentucky regulate toxic smoke in public places.

In fact, nearly half of all Kentuckians live in communities who already do this.

We must fill in the map and protect all our people.

We also need legislation to ban the sale of e-cigarettes to minors.

Other goals will include:

- reducing the number of uninsured in Kentucky ...
- cutting our obesity rate ...
- reducing cancer deaths by increasing screening rates and requiring HPV vaccinations for both young girls and young boys ...
- reducing heart disease ...
- further improving dental care ...
- and addressing mental health challenges.

I plan to have specific targets for many of these goals so that Kentucky can measure its success.

Kentucky's leaders must recognize the direct relationship between a healthier, more productive workforce and our ability to attract and retain good-paying jobs for our people.

Another big topic this session will be public safety.

There are a number of issues on which we need to take action.

The first issue involves substance abuse.

Over the past six years, we've worked together to reduce meth labs, ban synthetic drugs and address the prescription drug epidemic in a meaningful way.

Now we must focus on heroin, which has made a resurgence across the country and in Kentucky.

In 2011, there were 22 overdose deaths in Kentucky involving heroin.

Only two years later, in the first nine months of 2013, there were 170.

Increased heroin usage demands that we take a more aggressive approach on both the law enforcement side and the treatment side.

It's also time to align Kentucky's booster seat regulations with federal recommendations, because our current laws are not protective enough.

Kentucky requires booster seats for children under 7 years old who are between 40 and 50 inches tall.

But federal highway safety officials and pediatricians recommend booster seats for children up to age 9 and 57 inches tall, because it's safer.

In a recent study in Kentucky, 70 percent of the 142 children seriously hurt in accidents were 8 or 9 years old -- falling outside of the protection of Kentucky's current law.

Because of improper seat belt positioning, they became trauma patients, with horrible internal injuries.

We can – and we must -- better protect our children with a simple change in the law.

In addition, given the vulnerability of schoolchildren and construction workers, we need to consider creating “no-phone zones” – areas where drivers aren't allowed to talk on phones while driving.

And we must extend domestic violence protection to unmarried couples.

Kentucky's current protective order law does not apply to dating couples who do not live together.

Violence is violence and abuse is abuse, whether you're in a married relationship or a dating relationship.

Kentucky is the only state without any civil protection for victims of violence in a dating relationship.

We're behind the times ... way behind the times.

Our people, particularly our teenagers, also deserve this additional protection.

And finally, let's discuss education.

I talk to business executives almost daily about what they need to make their companies successful.

They tell me that factors like low taxes, incentives, good roads, logistical support and low utility rates are all important.

But their No. 1 concern is their workforce – finding enough talented, skilled, energetic, healthy and educated workers.

Many years ago, Kentucky's national story when it came to education was cause for embarrassment.

Scores were low, and on most measures we lagged far behind.

But thanks to decades of hard work and aggressive policy changes, Kentucky has carved out a new reputation as a reform-minded state that is innovative, bold and determined.

That new reputation was further strengthened early in 2013, when Education Week's annual Quality Counts report ranked Kentucky in the top 10 states in student performance and education progress ...

and a few months later, when a Harvard study ranked us eighth in student performance improvement over the last two decades.

We also rank sixth in the number of teachers earning National Board Certification.

So now, when our educators attend national conferences, they are barraged with questions from leaders in other states who want to know:

How is Kentucky doing it, and how can they replicate our success?

Since I became governor, our efforts have focused on three areas:

- Improving early childhood education.
- Raising the graduation rate.
- And increasing the college and career readiness of our students, who will become the workforce upon which Kentucky's economic future depends.

In the first area, early childhood, we have coalesced around a concept called “kindergarten readiness” and are implementing a kindergarten entry screener to evaluate where incoming students stand on cognitive, physical and emotional skills.

Three weeks ago, our efforts received a game-changing boost when we were awarded a \$44.3 million Race to the Top grant to improve early learning programs for thousands of Kentucky preschoolers.

Here in Kentucky, the initiative is called the All-STARS plan -- Accelerating learning Statewide Through an Advanced Rating System.

I will seek legislation needed to implement the goals of the All-STARS plan which will provide for more accountability and better transparency throughout our state's early childcare system.

Getting our children off to a better start in life – all of our children, not just those in wealthy, two-parent households – will dictate our success as a state.

In the second area, graduation rates, we are making huge strides.

Our graduation rate improved from 69.7 percent for the class of 2000 to 79.9 percent for the class of 2010.

This year, Kentucky joined other states in using a more accurate way to measure the number of students who graduate.

Our rate of 86 percent – when measured against the most recent data from other states – ranks us among the top states.

And that rate will continue to improve as we implement the Graduation Bill passed last session and other important supports for these at-risk students.

As you recall, Kentucky's 173 school districts had the option of increasing the compulsory school attendance age from 16 to 18 for the 2015 school year, with the bill becoming mandatory once 96 of the districts had done so.

Well, it didn't take long.

We exceeded that goal in just two weeks, and the First Lady and I are so proud of our education community for stepping up so rapidly.

So far, 140 of our 173 districts have adopted that new policy.

The third area, college and career readiness, is a measure of whether our schools are doing their job.

In 2010, only 34 percent of Kentucky high school graduates were adequately prepared to take the next step in life.

Today, that number is 54 percent – putting us on target to meet the 2015 goal of 67 percent.

That's a huge jump, and it is partly the result of new standards for learning that hold students and teachers to a higher bar.

Since 2011, public school educators have been using the Kentucky version of Common Core academic standards in English/language arts and mathematics, which define the minimum that students should know at each grade level.

Core Content plays down rote memorization, and instead gives students the skills that today's workplace demands: creative and critical thinking, problem solving, collaboration, creativity and communication.

As the first state to adopt the standards, Kentucky won national recognition in a variety of places. TIME magazine, for example, said we “barreled headlong into the future.”

And I love the headline of the article in TIME: “What Every Child Can Learn from Kentucky.”

We were also the second state to adopt the Next-Generation Science Standards, and now we're creating standards for social studies and arts and the humanities.

We also are implementing a new model of secondary career and technical education to make it more accessible to students at an earlier age, more rigorous academically and better aligned with both postsecondary requirements and employer needs.

Furthermore, we have seen a 28 percent increase in the number of students transferring credits from our two-year colleges to our four-year programs.

The bottom line: We are fitting the pieces together to create a seamless, cradle-to-career education system that is better preparing our students for this complex world.

I know that you and I want nothing less than to produce the brightest minds in the world and to create a workforce that companies fall all over themselves to come to Kentucky to hire.

And we're getting there.

But ladies and gentlemen, that progress is in jeopardy with every dollar we cut out of education.

Throughout the recent historic recession, you and I protected SEEK, the basic funding formula for classrooms, from cuts.

But preserving funding isn't enough.

From 2000 to 2008, SEEK grew an average of 3.4 percent each year.

But from 2008 to 2014, it grew zero percent – even as enrollment expanded, costs increased, and local support in some areas dropped.

Furthermore, to balance our budget during the recession, we eliminated funding for textbooks and significantly reduced funding for teacher training and school safety.

Now, despite these austerity measures, Kentucky's education community still made tremendous progress for our children, placing Kentucky on the leading edge of education reform in this country.

But they have stretched every dollar they have as far as they can -- and now they're out of options.

To add to the pain, Kentucky schools are facing the delayed impact of the federal sequester cuts.

They will have to figure out how to make up the loss of approximately \$28 million in federal funding in the current fiscal year, with the potential for an additional \$28 million hit in the next year.

If we continue to cut or freeze education funding, our schools face the prospect of laying off significant numbers of teachers, greatly increasing class room sizes and letting technology and equipment grow more outdated and useless.

We are in danger of losing all of the positive momentum which has been built up.

And I am not going to allow that to happen.

I am determined to find money to reinvest in education – even if I have to make harmful cuts in other areas to do so.

Over the last six years, you and I have been partners in eliminating fat from a somewhat wasteful, bloated bureaucracy.

We've cut some \$1.6 billion in state spending, reduced the budget 13 times and trimmed the state workforce to its smallest size in four decades.

Much of that needed to be done.

And we continue to find more efficient ways to run programs and to make revolutionary changes in huge cost areas like Medicaid, Corrections, pensions and employee health care.

But in balancing our budgets during the recession, we were sometimes forced to cut far too deeply, decimating many programs and services that Kentuckians desperately need.

And those cuts damaged our ability to build a stronger future.

We cannot continue making progress by paying teachers less than they deserve ...

by ignoring needs like textbooks and technology ...

by delaying research into innovative energy production ...

by pricing college out of reach ...

by leaving needed cancer screenings unfunded ...

and by retreating from things like child care and mental health services.

My friends, we need more resources to make needed investments in our future.

There are two possible sources of significant new revenue.

One we already talked about -- tax reform.

A more competitive tax structure will, as the economy grows, also stabilize long-term revenue – not because of higher rates, but because it's aligned with today's economy, instead of one that existed a century ago.

Broadening our tax base and improving our business climate will help stabilize our future budgets.

Another source of new revenue is expanded gaming.

Again this session I will ask you to place a Constitutional Amendment on the ballot related to expanded gaming.

Over the years several economic studies of various gaming scenarios have projected potential Kentucky tax revenues in the hundreds of millions of dollars.

But regardless of the amount, allowing gaming is a way to keep Kentucky tax revenue at home – instead of letting Kentuckians' entertainment dollars fund roads and schools in Ohio, Indiana, West Virginia and other states.

Now I realize there are many arguments for and against gaming.

But there's no reason to deny the people of Kentucky an opportunity to vote “up” or “down” on this issue.

They want to vote on this issue, and we should let them decide whether to continue allowing Kentucky tax money to flow across our borders or to keep it here at home.

Look, I recognize that some of us will have differing opinions on what tax reform and gaming and perhaps even education re-investment should look like.

But we have proven over the last few years that here in Frankfort we can work through those differences and pass meaningful legislation that strengthens our capacity and builds a better quality of life for our people.

My friends, we must not be distracted in that effort.

In the last few years, the tone of discourse in this country has grown louder, uglier and more hateful.

In Washington, you find leaders focused on keeping power, not helping people.

They point fingers instead of reaching across the aisle.

They tear down instead of building up.

And they preach intolerance instead of inclusion.

That's why we have government shutdowns, filibusters, continuation budgets and a myriad other examples of counter-productive gamesmanship.

And out here in the rest of the country, too often office holders and voters have let themselves get caught up in this “take no prisoners” approach to politics.

Fueled by social media and talk radio, we're losing the ability to listen ... we're losing the ability to treat each other's opinions with respect and to overcome differences.

My friends, we must resolve not to let that happen here in Kentucky.

We must remember that we are Kentuckians first and Democrats and Republicans second.

During this 60-day session, and in the year ahead, I believe that we in Kentucky can continue to show our Washington colleagues what leadership really looks like.

We need to take bold, decisive action to build a healthier, more educated and better-trained population.

And together, I believe we can.

Thank you and good night.

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State Budget Address

Tuesday, Jan. 21, 2014

Gov. Steve Beshear

Mr. President, Mr. Speaker, distinguished members of the Kentucky General Assembly, Lieutenant Governor and Mrs. Abramson, other Constitutional officers, honorable members of the Court of Justice, honored guests, including Kentucky's First Lady and my fellow Kentuckians ...

Tonight I present my proposed state budget for the biennium that begins July 1.

It is a plan that – to be honest – fills me with both immense pride and with intense regret.

Regret, because the choices reflected in this document do great harm to many state programs and services needed by Kentuckians.

But pride – pride because those same choices empower us to make bold investments in the intellectual capital and economic competitiveness that Kentucky's future demands.

My focus should surprise no one.

Two weeks ago, I stood here and signaled my intent in clear and decisive words:

“I am determined to find money to reinvest in education,” I said then, “even if I have to make harmful cuts in other areas to do so.”

Well, that's precisely what this two-year budget proposal does: It makes damaging cuts in many areas in order to keep Kentucky at the forefront of educational attainment in this nation.

I took office in December 2007 amid the worst economic recession of our lifetime.

Because of a global financial meltdown, I inherited both a \$434 million mid-year deficit and declining revenues that produced three austere two-year budgets.

You and I worked together to balance and rebalance our budget 13 times during the last seven years, in the process eliminating more than \$1.6 billion in spending and shrinking the state workforce to its smallest size in four decades.

We've made numerous improvements to daily operations to add efficiency and save money.

And we've undertaken major reform in big cost areas: Adopting a new delivery model in Medicaid, changing "how" and "when" we house prisoners and reining in employee benefits.

In short, we have a very different state government today than we had six years ago.

Because of this fiscal conservatism and aggressive efforts to create jobs, we're continuing to turn our economy around.

But our projected growth over the next two years is modest, and by itself won't be enough to even meet our obligations, much less allow us to make investments in Kentucky's future that strengthen us economically and improve the quality of life of our people.

That's not rhetoric – that's harsh reality.

Now it would be easy to propose a budget that simply accepts this reality and reduces all of our expenditures accordingly – and then to go home.

But I have chosen a different path.

I am using this budget to strengthen Kentucky's competitiveness both now and long into the future.

This budget proposal strategically focuses our very limited resources on what I believe will deliver the greatest return:

A more highly educated population that will become a more talented workforce.

This proposal makes substantial investments in the physical and intellectual infrastructure of our schools – both the K-12 system and our institutions of higher learning, including an historic proposal for our two-year community and technical colleges.

And it strives to accelerate the momentum that has seen Kentucky leap ahead of many other states in measures of student performance and policy reform.

Decades ago, Kentucky's education performance was cause for embarrassment.

Today, we're a source of envy, with a national reputation for being innovative, bold and determined.

But others are also forging ahead even as this world becomes more complex.

So while we're proud of the ground we've made up, there is so much left to do.

And I will not allow us to simply run in place or let ourselves slip behind.

So ...

- This budget proposal builds a stronger and smarter workforce.
- It creates short-term jobs through an aggressive construction schedule.
- It recognizes the critical role of our two-year community and technical colleges.
- It restores desperately needed child-care assistance.
- It fulfills our commitment to restoring stability to the Kentucky Employees Retirement System.
- It trains workers for advanced manufacturing jobs that are coming to Kentucky.
- It improves the health of our people.
- And above all, it makes Kentucky more competitive.

Now, how can we do all of this given our tight financial condition?

We use a multitude of strategies:

- One, transfers from unused and underused funds.
- Two, savings created by federal health care reform.
- Three, careful management of our debt service.
- And four, harsh cuts to important programs and services.

This budget is built on 5 percent cuts to many agencies.

However, we are exempting areas like classroom funding ... public health and mental health ... libraries ... parks ... and programs that create jobs.

We're also holding other needs – like state police and our universities – to a lower 2.5 percent cut.

I am deeply disturbed by the damage these reductions will do.

Much of the “right-sizing” we’ve done with state government over the last seven years was needed.

But some cuts went way too deep.

These are the agencies which ensure that the water we drink is clean ... protect us in times of weather-related disasters ... make sure our workplaces are safe ... protect us in our homes and on the roads from criminal elements ... and deliver to our young adults the postsecondary skills they need to succeed in this world.

Collectively, many of these agencies will have been slashed by 41 percent over an eight-year period.

Imagine running a business and being told to maintain the same level of services while slashing your budget 41 percent.

That is a difficult and sometimes impossible task.

One strategy we did not employ was the use of our Rainy Day fund. This budget preserves the approximately \$100 million currently in that fund.

Now, let me talk about the details of this budget:

In the area of education ...

This budget makes bold proposals to increase Kentucky’s competitiveness.

The biggest involves SEEK, the funding formula for our classrooms.

From 2000 to 2008, SEEK grew an average of 3.4 percent each year.

But from 2008 to 2014, it grew zero percent.

And because enrollment expanded, costs increased and local support in some areas declined, what we spent per student actually dropped.

Despite this dwindling support, our education community has performed at high levels, pushing us to the cutting edge of education reform in this country.

But our schools have stretched every dollar they have as far as they can.

And it is time to again fund our classrooms like we should.

My budget allocates an additional \$71 million in Fiscal Year '15 and \$118 million in Fiscal Year '16, bringing per pupil spending to its highest total ever in our history.

This will provide funding for pay increases of 2 percent the first year and 1 percent the second year for all teachers and classified school personnel.

My budget also adds \$47.7 million each year for textbooks, school safety, professional development and extended school services, bringing funding back close to 2008 levels.

This is a major accomplishment ... but it still leaves us six years behind where we should be today.

Another issue that is absolutely essential to our future is making sure that every child gets off to a good start in life and in school, regardless of whether he or she is born in the inner city, in the mountains, on a farm or in an affluent suburb.

So I'm proposing \$18 million a year to expand pre-school services.

By increasing eligibility from 150 percent of the poverty level to 160 percent, over 5,100 more 4-year-olds will be able to attend pre-school.

That's a 22 percent increase in enrollment.

Research shows that kids who attend pre-school are more likely to hit the ground running in kindergarten and succeed later in school and in the workplace.

This proposal uses \$50 million in General Fund-supported bonds to make urgent investments in education technology and other equipment that is becoming outdated.

It funds 80 additional students at the Gatton Academy of Mathematics and Science, the high school program on the Western Kentucky University campus that has been named No. 1 in the nation for two years in a row.

It also adds \$2 million over the next two years to the AdvanceKentucky program to improve access to and participation in AP courses, especially among student populations traditionally under-represented in these courses.

It also adds AdvanceKentucky to 10 more schools in rural areas.

My proposal expands enrollment in the Governor's Scholars Program and Governor's School for the Arts, which nurture our brightest and most talented students.

It supports school facilities construction with \$100 million in General Fund-supported bonds.

And it adds \$1 million each year to help build and renovate libraries in our communities.

My friends, these are aggressive investments.

But they are long overdue.

In the area of higher education ...

My proposal includes both good news and bad news.

It exempts student financial aid from the 5 percent cuts, but it reduces operating funds for our universities and our two-year community and technical college system, although it holds that reduction to 2.5 percent.

Look, I am painfully aware that with this reduction, our colleges and universities will have undergone cumulative cuts of 17 percent during this historic recession.

This was one of the most difficult choices made in this budget, because higher education deserves more support, not less.

But there simply is no way to create enough money to make the needed investments in pre-K through 12th grade unless higher education is included in the reductions.

However, my plan does lay out a bold course to invest in both the intellectual and physical infrastructure of our campuses.

With General Fund-supported bonds, it invests \$60 million in the Bucks for Brains program to benefit both our research universities and our comprehensive institutions.

This will be our first investment since 2010 in a program that has attracted and retained some of the brightest faculty and research teams in the nation.

Also with General Fund-supported bonds, my proposal invests more than \$520 million in capital construction projects for all of our four-year institutions.

These projects include new construction, such as Eastern Kentucky University's science building, Northern Kentucky University's health innovation building and the final phase of Murray State University's new science complex.

They also include renovation and maintenance, such as Kentucky State University's boiler and distribution line replacement projects.

My proposal also authorizes almost \$704 million in agency bonds for our universities.

As you know, these bonds have zero impact on the General Fund and will be repaid using identified revenue streams at the universities.

Projects to be funded include new campus housing at Morehead State University ... new instructional space at the University of Louisville ... the science campus at Western Kentucky University ... and renovating the University of Kentucky law school utilizing a unique public-private partnership that combines General Fund-supported bonds and agency bonds paid for with private donations.

These represent high-priority projects on which the institutions are ready to move forward, and this proposal is consistent with the action the General Assembly took just last session.

Furthermore, my agency bond plan includes an historic proposal that represents the single-largest investment in the KCTCS system since its formation.

Almost 100,000 students access education through the two-year system and its 16 colleges and 73 campuses.

These students aren't just recent high school graduates – they're also working adults looking to advance their skills and adults needing to get back into the workforce.

But there is no way our two-year colleges can handle this huge task with their current infrastructure.

And there is no way that these infrastructure needs can be met only by the General Fund.

In fact, three biennial budgets have passed with no new capital improvements in KCTCS.

So its leadership came to me with a proposal to be allowed to use agency bonds for the first time ever to fund up to 75 percent of the cost of 16 critical projects.

At least 25 percent of the remaining cost will come from the local communities and other public or private sources.

This is a perfect example of the public and private sectors working in concert, and it builds on the close connection between these institutions and the business communities whose workers they groom.

And the leaders of the system assure me that debt service will not add to the cost of an education in any meaningful way.

This list totals \$145.5 million in agency bonds, and paired with the local “match” will finance almost \$200 million in construction across the Commonwealth.

This includes projects such as:

- Phase II of the advanced technology center in Owensboro.
- Gateway’s Urban Campus in Covington.
- A new classroom complex at Southcentral in Bowling Green.
- Phase I of the Agriculture Health and Career Technology Center in Hopkinsville.
- And designing the Community Intergenerational Center at Hazard’s campus in Jackson.

These campuses are in many ways factories that build Kentucky’s workforce.

Let’s start supporting them as such.

And finally, my proposal allocates nearly \$2 million a year for Commonwealth College, a new on-line program designed to help thousands of Kentuckians with substantial college credits finish their degrees.

The new program will allow students to enroll at any time, proceed at their own pace and access rigorous on-line tutoring.

In the area of economic development and jobs ...

My proposal preserves our highly successful job creation efforts by protecting the Cabinet’s budget from the 5 percent cuts.

It again contains \$30 million in General Fund bond-supported loan pools to stimulate investment by existing and new businesses.

And it proposes \$24 million in General Fund-supported bonds to build an advanced manufacturing training center in Georgetown that will serve as a direct pipeline for high-demand workers.

The center will be part of Bluegrass Community and Technical College, which has been partnering with the Kentucky Federation of Advanced Manufacturing Education to produce workers for Toyota and other manufacturers.

In fact, our commitment to this training center helped persuade Toyota to move production of its top-selling Lexus sedan to Kentucky – which was part of the company’s half-billion-dollar investment in the Georgetown facility, creating 750 jobs.

Furthermore, my proposal uses General Fund-supported bonds to invest in two projects important to our downtowns:

- \$65 million for the expansion and renovation of the Lexington Civic Center and Rupp Arena.
- and \$56 million for the Kentucky International Convention Center in Louisville.

We need to add vibrancy to areas that attract visitors, jobs and income to the Commonwealth.

In the area of early childhood ...

In addition to the investments in early childhood education I already mentioned, my budget proposal appropriates \$420,000 a year to the panel I created and you institutionalized last year to review child abuse deaths and injuries.

The panel needs staff to help it scrutinize cases and develop recommendations to improve how we protect our children.

My proposal also appropriates \$11.6 million in Fiscal Year ‘16 to the HANDS program to continue funding home visitation for non-first time parents in high-risk communities in 78 counties.

This allocation replaces the loss of federal funds used in Fiscal Year ’15 and also expands services to reach non-first time parents in the remaining 42 counties.

And this budget addresses a huge priority of mine -- funding for a heavily used child-care program that helps many single parents and other low-income workers stay in the workforce.

As you recall, the loss of federal funds forced us to freeze applications to the Child Care Assistance Program and reduce eligibility guidelines from 150 percent of the poverty level to 100 percent.

As a result, many parents who could no longer afford child care had to quit their jobs, and many child care centers which relied on those payments had to close their doors.

These families were doing exactly what we wanted them to do – using government aid not as a permanent hand-out but as temporary assistance while they worked their way to financial security.

It is time to restore their ability to do so.

My budget allocates almost \$53 million in the first year and more than \$58 million in the second year, allowing us come July 1 to begin accepting applications again and to restore the eligibility levels.

This is predicted to help 16,100 kids and 9,400 families the first year and 18,000 kids and 10,600 families the second year.

The importance of this program cannot be overstated: As the economy improves and more people return to work, many will do so on the bottom rungs of the labor force ladder. They cannot afford to be employed without this program.

In the area of health and family services ...

My budget proposal makes a number of investments in our ongoing efforts to improve the horrible collective health of our people.

In my State of the Commonwealth address I laid out in detail how Kentucky has seized opportunities presented by federal reform to make health insurance accessible and affordable to every single Kentuckian for the first time in our history.

We also continue to reform Medicaid by moving it from an outdated and costly fee-for-service delivery model to a managed-care model, more directly linking the spending of public dollars to better health outcomes.

Savings from these initiatives – including \$166 million linked to the Affordable Care Act – are helping us absorb inflationary increases in health care costs and growing enrollment, as well as expanded coverage for things like substance abuse.

Soon I will unveil a new initiative that seeks to meet specific goals on improving our health in areas like smoking, heart disease, obesity and cancer.

This budget complements all of those efforts by setting aside:

- \$500,000 a year for the Colon Cancer Screening program, which will match that allocation.
- \$1 million in the second year for the Kentucky Cancer Program.
- \$200,000 each year for the Kentucky Advisory Council on Autism.

- And \$3.3 million over the next two years for oral health in our local health departments.

And for some of our most vulnerable citizens, my budget addresses growing needs for individuals with intellectual and developmental disabilities and acquired brain injuries.

Finally, my budget adds 3,500 people to the Meals on Wheels program.

In the area of public safety ...

My proposal exempts both the Department for Public Advocacy and our prosecutors from 5 percent budget cuts, and it holds the Kentucky State Police to a 2.5 percent cut.

It also puts more than \$7 million a year in the court of justice's proposal to address glaringly low salaries.

More than 800 non-elected judicial employees live on income that's below the federal poverty level, and many others are just above that level.

For Eastern Kentucky ...

My budget proposal takes huge steps to support S.O.A.R. – the “Shaping Our Appalachian Region” initiative.

It uses Road Fund revenue to make four-laning of the Mountain Parkway not only a priority but also a reality.

When finished, Eastern Kentucky will have the equivalent of a four-lane interstate running all the way from Interstate 64 near Winchester to Pikeville, strengthening the region's ability to attract jobs, visitors and investment.

My proposal also invests in a highway of a different sort – what we call the Next Generation Kentucky Information Highway.

This budget includes \$60 million in General Fund-supported bonds to provide high-speed Broadband capability for our entire state, with the first priority being Eastern Kentucky.

Two-thirds of that debt service, by the way, will be supported by existing state expenditures set aside for Internet access.

And when partnered with financial support from federal and private sources, it will be a \$100 million investment.

Folks, this is a critical need.

Kentucky ranks 46th in broadband availability, and 23 percent of rural areas don't have any access.

Internet availability is no longer a luxury.

It's a basic need used in education, health care and business.

And access isn't just about being able to sign on to Facebook – it's about speed and capacity that allow us to attract high-tech, knowledge-based and information-intensive businesses to Kentucky.

It's about Kentucky competing in the 21st Century.

Congressman Rogers and I will be talking in detail about this initiative tomorrow.

To coordinate ongoing regional collaboration and S.O.A.R.-related initiatives, my proposal sets aside \$200,000 per year from multi-county coal severance funds, which is to be matched eventually with funds from other public and private sources.

It also allocates \$2 million in single-county funds from Eastern Kentucky counties each year to create a new Regional Strategic Development Fund.

The mission and governance of this fund is still being developed with local input, but its overall goal will be to diversify the economy of the region.

Using multi-county coal severance funds, my proposal also sets aside \$2 million each year for the Coal County College Completion Program, which will fund scholarships for more than 500 local students each year.

And finally, also within the coal severance program, it increases the Local Government Assistance Fund allocation from 15 percent of coal severance tax receipts to 17.5 percent for all counties, providing \$5 million more each year in flexible funding.

As President Stivers, Speaker Stumbo and many other legislators can attest, Appalachia is in crisis.

But since the S.O.A.R. initiative kicked off in December, we have seen tangible action – not only the Mountain Parkway and Broadband proposals but also:

- The federal Promise Zone designation.

- The federal Strike Force initiative.
- Race to the Top district-level investments in early childhood education.
- And a new \$2.6 million small-business loan program.

Momentum is building – and with this budget, we can hit the throttle and accelerate to a breakneck speed.

In the area of agriculture ...

My proposal invests \$500,000 each year in the Farms to Food Banks Program, which both creates a market for Kentucky farm products and increases access to fresh food for low-income families.

This budget also sets aside over \$32 million in General Fund-supported bonds for the construction of the Breathitt Veterinary Center in Hopkinsville, which has been identified by the agriculture community as its highest priority.

Regarding our military veterans ...

My proposal exempts the Department for Veterans’ Affairs from the 5 percent cuts.

It also sets aside over \$2.7 million to open and operate the state-run veterans nursing home in Radcliff, our fourth facility.

We have a strong and proud tradition of military service in Kentucky, and our veterans sacrificed to protect our freedoms and comforts. As our veterans age, we must give back to them by providing the care they need.

Regarding state employees and retirees ...

My proposal sets aside more than \$100 million each year to meet the requirements set out in Senate Bill 2 last year regarding the state’s annual contribution to the Kentucky Retirement System.

Fully funding the ARC, the actuarially required contribution, was a cornerstone of our collaborative plan to resolve a huge unfunded liability and finally put our system on the path to financial stability.

We must honor that commitment.

This budget also includes money to increase the pay for state employees, who haven’t received raises since 2010 even as the cost of living has gone up and the workload for many has increased.

In fact, during that time period many were forced to take furlough days.

We have over 6,300 full-time employees whose salaries are below \$27,000, low enough – for a family of three – to qualify them for our Medicaid program.

In the first year, we will institute a tiered pay raise that ranges from 5 percent for the lowest earners to 1 percent for the highest earners.

In the second year the raises will be 1 percent across the board.

We must do better by our dedicated state workers.

And regarding transportation ...

My Biennial Highway Construction Plan proposes about \$1 billion in new construction each of the next two years.

This will be the fourth and fifth years in a row that we will have reached that goal.

That's a lot of pavement – and it's a lot of jobs.

My two-year highway plan honors the commitments in the current two-year plan while accommodating major initiatives like four-laning the Mountain Parkway and moving ahead on the Brent Spence Bridge project in Northern Kentucky.

Other large projects I'm recommending include:

- Completing the six-laning of I-65 between Bowling Green and Elizabethtown.
- Continued funding support for the Louisville Bridges Project.
- Completion of the bridges over Lake Barkley and Kentucky Lake.
- And the continuation of projects necessary to convert the Pennyryle and Purchase Parkways into the official Interstate 69 Corridor.

Our plan is also filled with smaller projects and maintenance needs throughout the state.

Our transportation strategy focuses on improvements that boost safety and create an enhanced economic climate for existing and future employers.

It also assumes that state and federal revenues will accrue in a consistent fashion, ensuring that the projects in the highway plan can be completed as scheduled.

But there is concern.

On the federal level, we're still hoping that Congress gets its act together and brings stability to federal highway revenues.

And on the state level, after years of strong Road Fund revenue performance, the motor fuels tax rate has shown its vulnerability, dropping 1.5 cents in January with the possibility of dropping again this year.

That decrease signaled a loss to the Road Fund of about \$45 million on an annualized basis.

According to the Consensus Forecasting Group, Road Fund revenues are expected to fall 2.3 percent in Fiscal Year '15 and then increase only slightly, 0.8 percent, in Fiscal Year '16.

I am proposing in this budget to stabilize gas tax revenue by "freezing the floor" of the average wholesale price to head off these huge hits to Road Fund revenues.

We have done this before.

If we do not do this now, over the two years of this budget, the Road Fund is projected to lose \$107 million.

And that brings me to the area of capital improvements ...

As you no doubt have noticed, this budget proposal advocates an aggressive but strategic use of bonds.

Now, some people may pay attention to only two numbers.

One is the proposed amount of new debt of \$1.96 billion.

But if you look at three of the last five General Assembly-approved budgets – those passed before the historic recession – you'll see new debt of \$2 billion in 2008 ... \$2.1 billion in 2006 ... and \$1.9 billion in 2004.

So this year's proposal falls right in line with what Kentucky traditionally has borrowed to invest in its people and infrastructure.

The second number that some like to emphasize is the so-called 6 percent "rule of thumb" for debt capacity.

My recommendations in this budget bring that number to 7.05 percent ... which is only slightly higher than the 6.72 percent in the current General Assembly-enacted budget.

In addition, that “rule of thumb” does not take into account the careful day-to-day management of our debt.

It assumes that we issue all of our authorized bonds at the same time.

But we don’t do that.

Some projects take years to get off the ground, so that 7.05 percent figure doesn’t accurately reflect the reality of outstanding debt.

In fact, in recent history, the actual issued debt measured at any one time has never even reached the 6 percent figure.

The bottom line: This budget is set up to absorb the debt service from new borrowing in a responsible manner.

Given today’s low financing costs, there’s never been a better time to borrow.

And there is a high cost to delay – both in dollar impact and in putting off investments in our workforce and our competitive strengths.

We must re-invest in our people.

So tonight, we must answer a fundamental question:

Does Kentucky march aggressively into the future, or do we cower under the covers as the world leaves us behind?

Do we lead, or are we too afraid to even follow?

This budget proposal clearly gives my answer: We lead.

Folks, we can and we must build a more vibrant Kentucky.

And this proposal provides the roadmap to do just that.

Now we all know there are alternatives that would allow a lot more progress and a lot more investment with a lot less damage to needed services.

Yes I’m talking about tax modernization and expanded gaming.

As I said in the State of the Commonwealth address, I will present to you soon a tax modernization proposal with specific recommendations on how to move our tax system into the 21st Century.

We need it to be more competitive.

And one of the silver linings of a more competitive tax structure is that it will, as the economy grows, also stabilize long-term revenue – not because of higher rates, but because it's aligned with today's economy, instead of one that existed a century ago.

Expanded gaming would get us the additional recurring revenue even faster – again, not by creating a new burden on Kentuckians but by capturing a revenue stream that already exists.

Kentuckians are currently spending hundreds of millions of entertainment dollars on gaming – but they're spending it in other states, funding programs outside our borders.

Let's allow Kentuckians to decide this issue by placing a Constitutional Amendment on the ballot related to expanded gaming.

As I promised, and as you can see, my General Fund budget relies on no money from gaming or tax reform in order to balance or to make the investments I'm proposing.

But by tackling either one or both of these issues, we can stabilize our budget.

We can avoid 41 percent cuts to needed services.

And we can make even bigger investments in our schools and our workforce.

These are tough decisions, but you and I together have tackled tough issues before.

Just a year ago, despite differences of party and geography, we collaborated to pass the Graduation Bill ... to further protect our families from the scourge of prescription drug addiction ... to protect our children ... to authorize financing for 11 building projects on our university campuses ... and to resolve a huge unfunded liability in our public pension system.

I believe that with the same level of respect, collaboration and vision, we can direct the resources of this budget to help Kentucky maintain its position as an innovative force in this 21st Century world.

Now, let's get to work ...

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