Commonwealth of Kentucky

2016 - 2018

Budget of the Commonwealth

Appropriations and Revenue Bills

Matthew G. Bevin
Governor

John E. Chilton
State Budget Director

Commonwealth of Kentucky
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VETO MESSAGE FROM THE GOVERNOR OF THE COMMONWEALTH OF KENTUCKY REGARDING HOUSE BILL 303 OF THE 2016 REGULAR SESSION

Governor's Office of Agricultural Policy

I, Matthew G. Bevin, 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 4, line 10, the word "special";
Page 4, lines 11 through 16 in their entirety;
Page 4, line 17, "livestock." and "special";
Page 4, line 19, "The Board shall not approve an individual grant for an";
Page 4, line 20 in its entirety;
Page 193, line 22, "special";
Page 193, line 23, "These special initiatives shall be limited to whose which support regional";
Page 193, lines 24 through 27 in their entirety;
Page 194, line 1 in its entirety;
Page 194, line 2, "livestock." and "special";
Page 194, line 4, "The Board shall not approve and individual grant for an";
Page 194, line 5 in its entirety.

With the Commonwealth facing significant fiscal constraints, agencies must retain maximum administrative flexibility to effectively deploy agency resources.

Military Affairs

I, Matthew G. Bevin, 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 6, lines 5 through 7 in their entirety.

With the Commonwealth facing significant fiscal constraints, agencies must retain maximum administrative flexibility to effectively deploy agency resources.

Publishing Requirements

I, Matthew G. Bevin, 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, lines 2 through 11 in their entirety;
Page 43, lines 22 through 27 in their entirety;
Page 44, lines 1 through 4 in their entirety.

Local Government Economic Assistance Fund

I, Matthew G. Bevin, 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 8, lines 11 through 14 in their entirety;
Page 40, line 27 in its entirety;
Page 41, lines 1 through 6 in their entirety.

This budget dedicates an unprecedented amount of coal severance dollars back to the counties where the resource is severed. While this program has benefited a number of school districts in the coal regions, it is time to review its effectiveness and ongoing necessity. The program was initiated during the middle part of the last decade, based upon a concept called "grid computing." In 2016, there are multiple private sector cloud computing options available to provide shared processing resources on demand. Evaluating the program will provide the opportunity to determine if this is a necessary, ongoing investment required of Kentucky's taxpayers.

School Facilities Construction Commission

I, Matthew G. Bevin, 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 27, line 18, "less than $1,029,700 nor";
Page 27, line 20, "less than $9,254,900 nor";
Page 27, line 22, "less than $12,868,800 nor";
Page 27, line 24, "less than $13,985,800 nor";
Page 27, line 26, "less than $10,337,600 nor";
Page 28, line 1, "less than $18,806,500 nor".

This veto will help ensure tax dollars are expended wisely and only those absolutely necessary will be spent.

Economic Development Cabinet

I, Matthew G. Bevin, 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 34, lines 12 through 27 in their entirety;
Page 35, lines 1 through 4 in their entirety;
Page 35, lines 12 through 17 in their entirely.

With the Commonwealth facing significant fiscal constraints, agencies must retain maximum administrative flexibility to effectively deploy agency resources.

Department of Education

I, Matthew G. Bevin, 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 26, ", but no portion of these funds shall be utilized for state-level";
Page 45, line 27, "administrative purposes".

Page 46, line 1, "the ACT and WorkKeys".

This veto conforms budget language to the provisions of House Bill 15, enacted in the 2016 session of the General Assembly.

Page 46, line 10 in its entirety.

Page 51, line 25, "Notwithstanding 704 KAR 3:410(2), a child";
Page 51, lines 26 through 27 in their entirety;
Page 52, lines 1 though 5 in their entirety.

Mandated expansion of eligibility, however desirable, is not prudent in tight fiscal times.

Page 57, lines 3 through 7 in their entirety.

Energy and Environment Cabinet

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 60, lines 1 through 6 in their entirety.

With the Commonwealth facing significant fiscal constraints, agencies must retain maximum administrative flexibility to effectively deploy agency resources.

Health and Family Services Cabinet

I, Matthew G. Bevin, 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 66, line 20, "up to ten";
Page 66, line 21, "percent".

This veto is necessary to provide flexibility to implement budget reductions within the Cabinet.

Page 73, lines 25 through 27 in their entirety;
Page 74, lines 1 through 8 in their entirety;
Page 107, lines 3 through 26 in their entirety.

Provisions of the Affordable Care Act make these provisions duplicative.

Page 75, lines 25 through 26 in their entirety.

ARC of Kentucky is an excellent advocate for disabled and handicapped Kentuckians. While their work should be applauded, non-profits are strongest when they are not dependent upon tax dollars for operations. We encourage ARC of Kentucky to continue to move forward with their passionate advocacy and focus their fundraising efforts on private sector and foundation support.

Page 77, lines 2 through 5 in their entirety;
Page 77, lines 9 through 24 in their entirety.

With the Commonwealth facing significant fiscal constraints, agencies must retain maximum administrative flexibility to effectively deploy agency resources.

Page 79, lines 15 through 17 in their entirety.

Qualifying dually licensed pediatric facilities currently receive supplemental payments from Medicaid. This language requires a duplicative unfunded appropriation from DCBS.

Page 80, lines 2 through 4 in their entirety.

The Cabinet provides a multitude of early intervention services throughout several departments and should have the flexibility to target services where they are most needed.

Justice and Public Safety Cabinet

I, Matthew G. Bevin, 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 82, lines 15 through 19 in their entirety.
Page 82, line 22, "The Office shall not be relocated or closed during the 2016-";
Page 82, line 23, "2018 fiscal biennium.";
Page 83, lines 5 through 11 in their entirety.

With the Commonwealth facing significant fiscal constraints, agencies must retain maximum administrative flexibility to effectively deploy agency resources.

Page 83, line 14, "The funds shall be distributed";
Page 83, lines 15 through 24 in their entirety.

The Commonwealth is providing general fund support to the Court Appointed Special Advocate (CASA) program for the first time. It is important to ensure the Justice & Public Safety Cabinet has maximum administrative flexibility to establish the program. The budget language is too prescriptive and could potentially hinder effective program implementation.

Page 89, lines 11 through 27 in their entirety;
Page 90, lines 1 through 25 in their entirety.

Attempts have been made in other states to gain approval from CMS for a program along these lines and have been unsuccessful.

Page 91, lines 16 through 27 in their entirety;
Page 92, lines 1 through 5 in their entirety.

The Commonwealth should not limit its options in dealing with any potential state prison population challenges. Furthermore, the administrative discretion to evaluate partnership options with the private sector already exists and, therefore, this language is unnecessary.

Personnel Cabinet

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 95, lines 26 through 27 in their entirety;
Page 96, lines 1 through 27 in their entirety;
Page 97, lines 1 through 16 in their entirety.

Postsecondary Education

I, Matthew G. Bevin, 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 99, lines 24 through 26 in their entirety;
Page 99, line 27, "If General Fund appropriations are not sufficient to fully";
Page 100, line 1 in its entirety;
Page 100, line 2, "slots out of the Council's base budget."

The veterinary medicine and optometry programs remain funded. However, the General Assembly should appropriate sufficient funds in the future to fully fund the slots dedicated for veterinary medicine and optometry instead of requiring the Council for Post-Secondary Education to make up for shortfalls out of a reduced base budget.

Page 102, line 8, "the first $5,000,000 in unanticipated";

Page 102, line 9 in its entirety;
Page 102, line 10, "Fund, and" and "above $5,000,000".

This veto ensures any excess lottery funds are dedicated to education.

Page 102, line 14, "$9,400,000 in fiscal";
Page 102, line 15, "year 2016-2017 and".

Developing and implementing a properly functioning Work Ready Scholarship program will take a great deal of time and effort. Therefore, the most prudent action is to develop the program for implementation in fiscal year 2017-2018.

Page 103, lines 14 through 27 in their entirety;
Page 104, lines 1 through 4 in their entirety.

This provides Eastern Kentucky University necessary discretion to determine whether funding the Community Operations Board is the most efficient utilization of their resources.

Page 106, line 4, "located in";
Page 106, line 5, "Covington, Kentucky";
Page 106, line 6, "to be used in Covington, Kentucky".

Northern Kentucky University should retain the flexibility to invest where there is the greatest need.

Tourism, Arts and Heritage Cabinet

I, Matthew G. Bevin, 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 116, lines 4 through 9 in their entirety.

General Provisions

I, Matthew G. Bevin, 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 171, line 17, "shall";
Page 171, line 18, "conform to KRS 48.610 and" and "pursuant to KRS 48.605 and this Act";
Page 171, line 25, "Compliance with the";
Page 171, lines 26 through 27 in their entirety;
Page 172, line 25, "**of Appropriations**" and "any";
Page 172, line 26, "appropriation in" and "as to the purpose or manner for which the appropriation may be";
Page 172, line 27, "expended";
Page 177, line 1, "up to ten percent of";
Page 177, line 21, "appropriations and";
Page 177, line 22, "The Legislative Research Commission shall review";
Page 177, lines 23 through 27 in their entirety.

Funds Transfer

I, Matthew G. Bevin, 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 184, lines 22 through 26 in their entirety.

Directing these Worker's Compensation benefit funds to the general fund would likely create a program shortfall during the biennium.

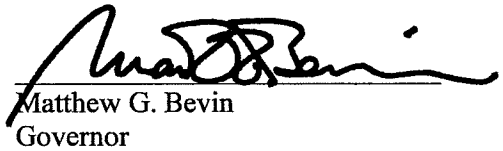
General Fund Budget Reduction Plan

I, Matthew G. Bevin, 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 185, line 22, "No budget revision";
Page 185, lines 23 through 24 in their entirety;
Page 186, line 11, "No transfers to the";
Page 186, lines 12 through 21 in their entirety;
Page 186, lines 24 through 26 in their entirety;
Page 187, lines 4 through 8 in their entirety.

With the Commonwealth facing significant fiscal constraints, it is vitally important that the Executive Branch retain maximum flexibility to manage any potential budget reductions over the biennium.

This the 27th day of April, 2016



Matthew G. Bevin
Governor

GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2016 REGULAR SESSION

HOUSE BILL NO. 303

AS ENACTED AND VETOED IN PART

INFORMATIONAL COPY

THURSDAY, APRIL 28, 2016

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

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

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

PART I

OPERATING BUDGET

(1) Funds Appropriations: There is appropriated out of the General Fund, Road Fund, Restricted Funds accounts, Federal Funds accounts, or Bond Funds accounts for the fiscal year beginning July 1, 2015, and ending June 30, 2016, for the fiscal year beginning July 1, 2016, and ending June 30, 2017, and for the fiscal year beginning July 1, 2017, and ending June 30, 2018, the following discrete sums, or so much thereof as may be necessary. Appropriated funds are included pursuant to KRS 48.700 and 48.710. Each appropriation is made by source of respective fund or funds accounts. Appropriations for the following officers, cabinets, departments, boards, commissions, institutions, subdivisions, agencies, and budget units of the state government, and any and all other activities of the government of the Commonwealth, are subject to the provisions of Chapters 12, 42, 45, and 48 of the Kentucky Revised Statutes and compliance with the conditions and procedures set forth in this Act.

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

A. GENERAL GOVERNMENT

Budget Units

1. OFFICE OF THE GOVERNOR

	2015-16	2016-17	2017-18
General Fund (Tobacco)	-0-	2,050,000	2,050,000
General Fund	-0-	5,455,700	5,516,800
Restricted Funds	-0-	323,200	325,000
Federal Funds	870,000	2,506,200	1,078,900
TOTAL	870,000	10,335,100	8,970,700

(1) Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is $2,050,000 in each fiscal year for the Early Childhood Advisory Council.

2. OFFICE OF STATE BUDGET DIRECTOR

	2016-17	2017-18
General Fund	3,135,100	3,165,500
Restricted Funds	229,100	242,300
TOTAL	3,364,200	3,407,800

3. STATE PLANNING FUND

	2016-17	2017-18
General Fund	137,200	137,200

4. HOMELAND SECURITY

	2016-17	2017-18
General Fund	229,200	231,800
Restricted Funds	1,468,100	1,460,400
Federal Funds	4,031,600	4,081,400
Road Fund	269,200	270,400
TOTAL	5,998,100	6,044,000

5. DEPARTMENT OF VETERANS' AFFAIRS

	2016-17	2017-18
General Fund	18,881,300	19,083,000
Restricted Funds	70,085,900	76,654,200

TOTAL		88,967,200	95,737,200

(1) Weekend and Holiday Premium Pay Incentive: The Kentucky Veterans' Centers are authorized to continue the weekend and holiday premium pay incentive for the 2016-2018 fiscal biennium.

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

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

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

6. GOVERNOR'S OFFICE OF AGRICULTURAL POLICY

	2015-16	**2016-17**	**2017-18**
General Fund (Tobacco)	21,099,500	25,358,000	28,450,200
Restricted Funds	-0-	150,000	150,000
TOTAL	21,099,500	25,508,000	28,600,200

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

(2) Administrative Costs: Notwithstanding KRS 248.711(2), and from the allocation provided therein, counties that are allocated in excess of $20,000 annually may

provide up to four percent of the individual county allocation, not to exceed $15,000 annually, to the county council in that county for administrative costs.

(3) Counties Account: Notwithstanding KRS 248.703(1), included in the above General Fund (Tobacco) appropriation is $10,835,300 in fiscal year 2016-2017 and $11,917,600 in fiscal year 2017-2018 for the counties account as specified in KRS 248.703(1)(a).

(4) Directive for Fiscal Year 2015-2016 General Fund (Tobacco): Notwithstanding KRS 248.703, 248.711, and 248.727, the General Fund (Tobacco) appropriation of $21,099,500 to the Governor's Office of Agricultural Policy in fiscal year 2015-2016 shall be used solely for~~[special]~~ agricultural development initiatives. ~~[These special initiatives shall be limited to those which support regional centers of excellence associated with a state university, to regional initiatives that support local food aggregators, processors, or distributors, to statewide initiatives that foster the maintenance, preservation, or enhancement of a natural resource which is important to the future development of the agricultural economy in the Commonwealth, or to regional initiatives that provide a public service which can be used to evaluate the marketability of livestock.]~~The grant process for each~~[special]~~ agricultural development initiative shall be subject to the application process and approval of the Agricultural Development Board created under KRS 248.707.~~[The Board shall not approve an individual grant for an amount that exceeds $12,800,000.]~~

7. KENTUCKY INFRASTRUCTURE AUTHORITY

	2016-17	2017-18
General Fund	1,507,900	2,087,000
Restricted Funds	37,791,900	53,459,600
Federal Funds	29,381,900	29,381,900
TOTAL	68,681,700	84,928,500

(1) Administrative Fee on Infrastructure for Economic Development Fund

Projects: A one-half of one percent administrative fee is authorized to be paid to the Kentucky Infrastructure Authority for the administration of each project funded by the Infrastructure for Economic Development Fund for Coal-Producing Counties and the Infrastructure for Economic Development Fund for Tobacco Counties. These administrative fees shall be paid, upon inception of the project, out of the fund from which the project was allocated.

(2) **Debt Service:** Included in the above General Fund appropriation is $291,000 in fiscal year 2016-2017 and $870,100 in fiscal year 2017-2018 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

8. MILITARY AFFAIRS

	2016-17	2017-18
General Fund	9,779,500	9,912,800
Restricted Funds	33,164,600	33,314,800
Federal Funds	43,632,300	43,707,100
TOTAL	86,576,400	86,934,700

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

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

Trust Fund Account (KRS 48.705).

(3) Residential Youth at Risk Program: Included in the above General Fund appropriation is $357,300 in each fiscal year to support the Bluegrass Challenge Academy and $357,300 in each fiscal year to support the Appalachian Youth Challenge Academy.

~~[(4) Maysville National Guard Base: Notwithstanding KRS 36.080, the Maysville National Guard Base, located in Mason County, shall retain its workforce and shall be adequately maintained throughout the 2016-2018 fiscal biennium.]~~

9. COMMISSION ON HUMAN RIGHTS

	2016-17	**2017-18**
General Fund	1,762,900	1,781,800
Federal Funds	245,000	245,000
TOTAL	2,007,900	2,026,800

10. COMMISSION ON WOMEN

	2016-17	**2017-18**
General Fund	235,000	237,400

11. DEPARTMENT FOR LOCAL GOVERNMENT

	2016-17	**2017-18**
General Fund	16,397,400	15,705,300
Restricted Funds	1,123,700	882,400
Federal Funds	40,598,900	40,454,100
TOTAL	58,120,000	57,041,800

(1) Area Development District Funding: Included in the above General Fund appropriation is $2,116,300 in each fiscal year for the Joint Funding Administration Program in support of the Area Development Districts.

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

Juvenile Diversion.

~~[(3) Publishing Requirements: Notwithstanding KRS 424.220, public availability of a local government's complete annual financial statement shall be made by publishing the documents in the newspaper of the largest general circulation in the county, electronically on the Internet, or by printed copy at a prearranged site at the main branch of the public library within the county in which the local government is located. If publication on the Internet or by printed copy at the public library is chosen, the appropriate officer of the local government shall be directed to publish notification in the newspaper of the largest circulation in the county as to the location where the document can be viewed by the public. The notification shall include the address of the library or the electronic address of the Web site on the Internet where the documents can be viewed.]~~

12. LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	2016-17	**2017-18**
General Fund	50,031,100	45,193,400

(1) Coal Severance Tax Collections and Transfers: The above appropriations from the General Fund are based on the official estimate presented by the Office of State Budget Director.

(a) Notwithstanding KRS 42.450 to 42.495, coal severance tax collections during the 2016-2018 fiscal biennium shall first be allocated to the following programs or purposes on a quarterly basis:

1. Osteopathic Medicine Scholarship Program: Pursuant to KRS 164.7891(11) and (12), a transfer in the amount of $306,000 in fiscal year 2016-2017 and $326,000 in fiscal year 2017-2018 shall be made to the Osteopathic Medicine Scholarship Program within the Kentucky Higher Education Assistance Authority;

2. Pharmacy Scholarships: Pursuant to KRS 164.7890(11), a transfer in the amount of $540,000 in fiscal year 2016-2017 and $580,000 in fiscal year 2017-2018 shall

be made to the Coal County Pharmacy Scholarship Program within the Kentucky Higher Education Assistance Authority;

3. Trover Clinic Grant: A transfer in the amount of $496,000 in fiscal year 2016-2017 and $910,000 in fiscal year 2017-2018 shall be made to the Trover Clinic Grant within the Department for Local Government;

4. Robinson Scholars Program: An annual appropriation of $1,000,000 in each fiscal year is appropriated as General Fund moneys to the University of Kentucky budget unit for the Robinson Scholars Program;

5. Mining Engineering Scholarship Program: An annual appropriation of $300,000 in each fiscal year is appropriated as General Fund moneys to the University of Kentucky budget unit for the Mining Engineering Scholarship Program;

~~[6. School Technology in Coal Counties: An annual appropriation of $1,750,000 in each fiscal year is appropriated as General Fund moneys to the Operations and Support Services budget unit within the Department of Education for the purpose of enhancing education technology in local school districts within coal-producing counties;]~~

7. Operation Unite: An annual appropriation of $2,000,000 in each fiscal year is appropriated as General Fund moneys to the Justice Administration budget unit for Operation Unite in relation to the Federal Task Force on Drug Abuse;

8. Shaping Our Appalachian Region (SOAR) Administrative Costs: An annual appropriation of $200,000 in each fiscal year is appropriated as General Fund moneys to the Department for Local Government budget unit for administrative expenses relating to the Shaping Our Appalachian Region (SOAR) initiative;

9. Kentucky Infrastructure Authority: An annual appropriation of $370,000 in each fiscal year is appropriated as General Fund moneys to the Kentucky Infrastructure Authority budget unit for Local Government Economic Development Fund project administration costs;

10. Department for Local Government: An annual appropriation of $669,700 in

each fiscal year is appropriated as General Fund moneys to the Department for Local Government budget unit for Local Government Economic Development Fund project administration costs;

11. Save the Children: An annual appropriation of $500,000 in each fiscal year is appropriated as General Fund moneys to the Learning and Result Services budget unit within the Department of Education for the Save the Children Program;

12. Family Medicine Residency Program at Owensboro Health: A transfer in the amount of $414,000 in fiscal year 2016-2017 shall be made to the Family Medicine Residency Program at Owensboro Health within the Department for Local Government; and

13. Debt Service: An annual appropriation of 25 percent of the debt service necessary to support bonds authorized in 2003 Ky. Acts ch. 156, 2005 Ky. Acts ch. 173, 2006 Ky. Acts ch. 252, and 2008 Ky. Acts ch. 127, in the amount of $7,352,300 in fiscal year 2017-2018 is appropriated for that purpose.

(b) An amount equal to 50 percent of the remaining balance of severance and processing taxes on coal collected annually shall be transferred from the General Fund to the Local Government Economic Assistance Fund established by KRS 42.450. Transfers to the Local Government Economic Assistance Fund shall be made quarterly, based upon the revenue estimates prevailing at the time each quarterly transfer is due, except the last quarterly transfer shall be made after the close of the fiscal year accounting records, and shall be adjusted to provide the balance of the annual transfer required by this section.

(c) Prior to any distributions to local governments or any other use of the funds transferred to the Local Government Economic Assistance Fund pursuant to KRS 42.455 and 42.470, $25,282,400 in fiscal year 2016-2017, representing 100 percent of debt service in fiscal year 2016-2017 necessary to support bonds authorized in 2003 Ky. Acts ch. 156, 2005 Ky. Acts ch. 173, 2006 Ky. Acts ch. 252, and 2008 Ky. Acts ch. 127, and $22,057,000 in fiscal year 2017-2018, representing the remaining 75 percent of the debt

service in fiscal year 2017-2018 necessary to support bonds authorized in 2003 Ky. Acts ch. 156, 2005 Ky. Acts ch. 173, 2006 Ky. Acts ch. 252, and 2008 Ky. Acts ch. 127, is appropriated for that purpose, and any amounts allowed as an incentive to an approved company under KRS 143.024 and 154.27-060 shall be deducted.

(d) No transfers shall be made to the Local Government Economic Development Fund established by KRS 42.4582.

(2) Additional Coal Severance Transfer: Notwithstanding KRS 42.450 to 42.495, an additional amount equal to $600,000 in each fiscal year shall be transferred from the General Fund to the Local Government Economic Assistance Fund established by KRS 42.450.

13. LOCAL GOVERNMENT ECONOMIC DEVELOPMENT FUND

	2016-17	**2017-18**
General Fund	11,400,000	11,400,000

(1) Coal Severance Tax Transfers: Notwithstanding KRS 42.450 to 42.495, an amount equal to $22,500,000 in each fiscal year of the severance and processing taxes on coal collected annually shall be transferred from the General Fund and allocated as follows:

(a) $10,000,000 in each fiscal year shall be transferred to the Local Government Economic Development Fund Single-County Accounts to be allocated to projects with the concurrence of the respective county judge/executive, state senator(s), and state representative(s) of each county. In the event concurrence is not achieved, the fiscal court of each county may apply for Grants through the Department for Local Government pursuant to KRS 42.4588;

(b) $5,000,000 in each fiscal year shall be transferred to the Kentucky Higher Education Assistance Authority budget unit for the Coal County College Completion Scholarship Program; and

(c) $7,500,000 in each fiscal year shall be transferred to the Kentucky Coal Fields

Endowment Fund. The Kentucky Coal Fields Endowment Fund is created as a separate trust fund within the Department for Local Government. The trust fund shall consist of funds appropriated from severance and processing taxes on coal, and any other proceeds from grants, contributions, appropriations, or other moneys made available for the purposes of the trust fund. Trust fund moneys shall be used to support efforts to diversify the economy of the coal fields within Kentucky. Funds shall be distributed as directed by the General Assembly through the Department for Local Government. Moneys transferred to the trust fund are hereby appropriated for the purposes set forth in this Act. Notwithstanding KRS 45.229, any moneys, including interest earnings, remaining in the trust fund at the close of the fiscal year shall not lapse and shall carry forward into the succeeding fiscal year to be used for the purposes set forth in this Act. The Department for Local Government shall promulgate administrative regulations to administer the Kentucky Coal Fields Endowment Fund Program. Projects that may be funded shall be non-recurring investments in:

1. Economic development;
2. Public infrastructure, water, and wastewater;
3. Public health and safety; and
4. Information technology development and access.

Projects shall be selected based on economic impact, job creation, workforce development, community benefit, available partnerships, project readiness, and the ability for a project to be self-sustaining.

(2) Additional Coal Severance Transfer: Notwithstanding KRS 42.450 to 42.495, an additional amount equal to $1,400,000 in each fiscal year shall be transferred from the General Fund to the Local Government Economic Development Fund Single-County Accounts to be allocated to projects with the concurrence of the respective county judge/executive, state senator(s), and state representative(s) of each county. In the event concurrence is not achieved, the fiscal court of each county may apply for grants through

the Department for Local Government pursuant to KRS 42.4588.

14. AREA DEVELOPMENT FUND

	2016-17	2017-18
General Fund	431,000	431,000

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

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

15. EXECUTIVE BRANCH ETHICS COMMISSION

	2016-17	2017-18
General Fund	445,700	450,200
Restricted Funds	290,000	290,000
TOTAL	735,700	740,200

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

16. SECRETARY OF STATE

	2016-17	2017-18
General Fund	1,756,600	1,784,100
Restricted Funds	2,460,600	2,447,100
Federal Funds	277,000	221,400
TOTAL	4,494,200	4,452,600

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

17. BOARD OF ELECTIONS

	2016-17	2017-18
General Fund	3,980,400	3,989,300
Restricted Funds	246,000	246,000
Federal Funds	5,211,200	4,044,900
TOTAL	9,437,600	8,280,200

(1) Cost of Elections: (a) Notwithstanding KRS 116.145, the State Board of Elections shall set a rate for the fee for new voter registration paid to the county clerks within the available appropriated resources. The State Board of Elections shall also set a fixed rate for the expenses outlined in KRS 117.343 within the available appropriated resources. Notwithstanding KRS 117.345(2), the State Board of Elections shall set a rate for the expenses outlined in KRS 117.345(2) for precincts with a voting machine within the available appropriated resources, not to exceed $300 per precinct per election. These rates and all assumptions as to the number of precincts, registered voters, and new voter registrations shall be communicated to the Secretary of the Finance and Administration Cabinet and the State Budget Director by November 1, 2016, for fiscal year 2016-2017 and by November 1, 2017, for fiscal year 2017-2018.

(b) Costs associated with special elections, KRS 117.345(2) costs associated with

additional precincts with a voting machine, KRS 117.343 costs for additional registered voters, and KRS 116.145 costs for additional new registered voters shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705). Any reimbursements authorized as a necessary government expense according to the above provisions shall be at the same rates as those established by the State Board of Elections as provided in paragraph (a) of this subsection.

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

18. REGISTRY OF ELECTION FINANCE

	2016-17	2017-18
General Fund	1,221,400	1,231,700

19. ATTORNEY GENERAL

	2015-16	2016-17	2017-18
General Fund	-0-	10,931,400	11,034,400
Restricted Funds	9,500,000	19,434,600	19,726,700
Federal Funds	-0-	3,974,300	4,092,100
TOTAL	9,500,000	34,340,300	34,853,200

(1) Expert Witnesses: In addition to such funds as may be appropriated, the Office of the Attorney General may request from the Finance and Administration Cabinet, as a necessary government expense, such funds as may be necessary for expert witnesses. Upon justification of the request, the Finance and Administration Cabinet shall provide up to $387,500 for the 2016-2018 fiscal biennium for this purpose to the Office of the Attorney General from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705). Without charge, the Department of Insurance

shall provide the Office of the Attorney General any available information to assist in the preparation of a rate hearing pursuant to KRS 304.17A-095. Expenditures under this subsection shall be reported to the Interim Joint Committee on Appropriations and Revenue by August 1 of each year.

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

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

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

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

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

(7) Risperdal Settlement Funds: The Attorney General, after payment of attorney's fees and expenses, shall transfer the settlement funds resulting from the suit against Johnson and Johnson, et al. regarding the off-label marketing of the pharmaceutical Risperdal as follows:

(a) $4,500,000 in fiscal year 2015-2016 shall be transferred to the Kentucky State Police to support statewide law enforcement purposes, inclusive of funding to reduce the DNA backlog at Kentucky State Police Forensic Laboratories;

(b) $1,000,000 in each fiscal year of the 2016-2018 fiscal biennium shall be transferred to the University of Louisville for genomics research in conjunction with Medicaid;

(c) $1,000,000 in each fiscal year shall be transferred to the Prosecutors Advisory Council to expand and continue the Rocket Docket Program;

(d) $500,000 in each fiscal year shall be transferred to support the Office of Attorney General's Department of Criminal Investigations & Office of Special Prosecutions for law enforcement purposes relating to drug and rape prosecution; and

(e) Any additional funds received in the 2016-2018 fiscal biennium shall be transferred to the Kentucky State Police to reduce the DNA backlog at Kentucky State Police Forensic Laboratories.

(8) Purdue Pharma Settlement Funds: The Attorney General, after payment of attorney's fees and expenses, shall transfer the settlement funds resulting from the suit against Purdue Pharma, et al. as follows:

(a) $700,000 in fiscal year 2015-2016 and $100,000 in each fiscal year of the

2016-2018 fiscal biennium to Hope in the Mountains;

(b) $500,000 in fiscal year 2015-2016 and $100,000 in each fiscal year of the 2016-2018 fiscal biennium to Necco;

(c) $300,000 in fiscal year 2015-2016 and $100,000 in each fiscal year of the 2016-2018 fiscal biennium to Maryhurst Alternative School;

(d) $500,000 in fiscal year 2015-2016 and $100,000 in each fiscal year of the 2016-2018 fiscal biennium to Kentucky River Community Care;

(e) $200,000 in fiscal year 2015-2016 and $100,000 in each fiscal year of the 2016-2018 fiscal biennium to KVC Behavioral Health Care Kentucky;

(f) $200,000 in fiscal year 2015-2016 and $100,000 in each fiscal year of the 2016-2018 fiscal biennium to Mountain Comprehensive Care Center;

(g) $200,000 in fiscal year 2015-2016 and $100,000 in each fiscal year of the 2016-2018 fiscal biennium to Pathways;

(h) $200,000 in fiscal year 2015-2016 and $100,000 in each fiscal year of the 2016-2018 fiscal biennium to Ramey Estep Homes;

(i) $200,000 in fiscal year 2015-2016 and $100,000 in each fiscal year of the 2016-2018 fiscal biennium to WestCare;

(j) $250,000 in fiscal year 2015-2016 and $100,000 in each fiscal year of the 2016-2018 fiscal biennium to Chrysalis House;

(k) $250,000 in fiscal year 2015-2016 and $100,000 in each fiscal year of the 2016-2018 fiscal biennium to Independence House;

(l) $250,000 in fiscal year 2015-2016 and $100,000 in each fiscal year of the 2016-2018 fiscal biennium to Children's Home of Northern Kentucky;

(m) $250,000 in fiscal year 2015-2016 and $100,000 in each fiscal year of the 2016-2018 fiscal biennium to Transitions Inc., Women's Residential Addiction Program (WRAP);

(n) $500,000 in fiscal year 2015-2016 and $100,000 in each fiscal year of the

2016-2018 fiscal biennium to Freedom House; and

(o) $500,000 in fiscal year 2015-2016 and $100,000 in each fiscal year of the 2016-2018 fiscal biennium to Recovery Kentucky.

20. UNIFIED PROSECUTORIAL SYSTEM

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

a. Commonwealth's Attorneys

	2016-17	**2017-18**
General Fund	48,439,600	49,024,300
Restricted Funds	1,653,000	1,652,900
Federal Funds	38,900	40,300
TOTAL	50,131,500	50,717,500

b. County Attorneys

	2016-17	**2017-18**
General Fund	42,080,300	42,647,000
Restricted Funds	554,700	554,600
Federal Funds	506,200	503,700
TOTAL	43,141,200	43,705,300

TOTAL - UNIFIED PROSECUTORIAL SYSTEM

	2016-17	**2017-18**
General Fund	90,519,900	91,671,300
Restricted Funds	2,207,700	2,207,500
Federal Funds	545,100	544,000
TOTAL	93,272,700	94,422,800

21. TREASURY

	2016-17	**2017-18**

General Fund	1,937,200	1,989,900
Restricted Funds	1,825,000	1,848,600
Road Fund	250,000	250,000
TOTAL	4,012,200	4,088,500

(1) Unclaimed Property Fund: Included in the above Restricted Funds appropriation is $1,742,000 in fiscal year 2016-2017 and $1,755,100 in fiscal year 2017-2018 from the Unclaimed Property Fund to provide funding for services performed by the Unclaimed Property Division of the Department of the Treasury.

22. AGRICULTURE

	2016-17	2017-18
General Fund (Tobacco)	600,000	600,000
General Fund	16,903,000	17,041,200
Restricted Funds	10,168,600	10,191,400
Federal Funds	6,406,900	6,406,900
TOTAL	34,078,500	34,239,500

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

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

(3) Farms to Food Banks: Included in the above General Fund (Tobacco) appropriation is $600,000 in each fiscal year to support the Farms to Food Banks Program to benefit both Kentucky farmers and the needy by providing fresh, locally grown produce to food pantries. The appropriations to the Farm to Food Banks Program may be used to purchase USDA-inspected meat to be distributed to local food pantries in Kentucky.

23. AUDITOR OF PUBLIC ACCOUNTS

	2015-16	2016-17	2017-18
General Fund	-0-	4,899,500	4,948,600
Restricted Funds	347,700	8,965,400	9,038,500
TOTAL	347,700	13,864,900	13,987,100

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

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

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

24. PERSONNEL BOARD

	2016-17	2017-18
Restricted Funds	888,000	913,800

25. KENTUCKY RETIREMENT SYSTEMS

	2016-17	2017-18
General Fund	98,193,000	87,574,300
Restricted Funds	42,819,200	42,960,400
TOTAL	141,012,200	130,534,700

(1) State Police Retirement System Pension Fund: Included in the above General Fund appropriation is $25,000,000 in fiscal year 2016-2017 and $10,000,000 in fiscal year 2017-2018 to be applied to the unfunded pension liability of the State Police

Retirement System pension fund.

(2) Kentucky Employees Retirement System Hazardous Pension Fund: Included in the above General Fund appropriation is $15,000,000 in fiscal year 2016-2017 and $10,000,000 in fiscal year 2017-2018 to be applied to the unfunded pension liability of the Kentucky Employees Retirement System hazardous pension fund.

(3) Kentucky Employees Retirement System Nonhazardous Pension Fund: Included in the above General Fund appropriation is $58,193,000 in fiscal year 2016-2017 and $67,574,300 in fiscal year 2017-2018 to be applied to the unfunded pension liability of the Kentucky Employees Retirement System nonhazardous pension fund.

26. OCCUPATIONAL AND PROFESSIONAL BOARDS AND COMMISSIONS

a. Accountancy

	2016-17	**2017-18**
Restricted Funds	578,000	581,400

b. Certification of Alcohol and Drug Counselors

	2016-17	**2017-18**
Restricted Funds	102,200	102,200

c. Applied Behavior Analysis Licensing

	2016-17	**2017-18**
Restricted Funds	30,600	30,600

d. Architects

	2016-17	**2017-18**
Restricted Funds	460,800	463,700

e. Certification for Professional Art Therapists

	2016-17	**2017-18**
Restricted Funds	11,200	11,200

f. Auctioneers

	2016-17	**2017-18**

Restricted Funds		403,300	405,000
g.	**Barbering**		
		2016-17	**2017-18**
Restricted Funds		339,100	340,800
h.	**Chiropractic Examiners**		
		2016-17	**2017-18**
Restricted Funds		334,400	336,500
i.	**Dentistry**		
		2016-17	**2017-18**
Restricted Funds		934,600	940,200
j.	**Licensed Diabetes Educators**		
		2016-17	**2017-18**
Restricted Funds		26,800	26,800
k.	**Licensure and Certification for Dietitians and Nutritionists**		
		2016-17	**2017-18**
Restricted Funds		73,900	73,900
l.	**Embalmers and Funeral Directors**		
		2016-17	**2017-18**
Restricted Funds		424,900	427,800
m.	**Licensure for Professional Engineers and Land Surveyors**		
		2016-17	**2017-18**
Restricted Funds		1,383,300	1,393,000
n.	**Certification of Fee-Based Pastoral Counselors**		
		2016-17	**2017-18**
Restricted Funds		3,600	3,600
o.	**Registration for Professional Geologists**		
		2016-17	**2017-18**

Restricted Funds	106,900	106,900

p. Hairdressers and Cosmetologists

	2016-17	**2017-18**
Restricted Funds	1,443,400	1,451,800

q. Specialists in Hearing Instruments

	2016-17	**2017-18**
Restricted Funds	81,100	81,100

r. Interpreters for the Deaf and Hard of Hearing

	2016-17	**2017-18**
Restricted Funds	38,200	38,200

s. Home Inspectors

	2016-17	**2017-18**
Restricted Funds	83,800	83,800

t. Examiners and Registration of Landscape Architects

	2016-17	**2017-18**
Restricted Funds	68,900	69,300

u. Licensure of Marriage and Family Therapists

	2016-17	**2017-18**
Restricted Funds	136,400	136,400

v. Licensure for Massage Therapy

	2016-17	**2017-18**
Restricted Funds	188,600	188,600

w. Medical Imaging and Radiation Therapy

	2016-17	**2017-18**
Restricted Funds	400,600	401,600

x. Medical Licensure

	2016-17	**2017-18**

Restricted Funds		3,072,300	3,088,200
y.	**Nursing**		
		2016-17	**2017-18**
Restricted Funds		7,220,000	7,266,000
z.	**Licensure for Nursing Home Administrators**		
		2016-17	**2017-18**
Restricted Funds		61,100	61,100
aa.	**Licensure for Occupational Therapy**		
		2016-17	**2017-18**
Restricted Funds		176,600	176,600
ab.	**Ophthalmic Dispensers**		
		2016-17	**2017-18**
Restricted Funds		49,700	49,700
ac.	**Optometric Examiners**		
		2016-17	**2017-18**
Restricted Funds		216,000	217,100
ad.	**Pharmacy**		
		2016-17	**2017-18**
Restricted Funds		1,728,700	1,740,400
ae.	**Physical Therapy**		
		2016-17	**2017-18**
Restricted Funds		580,300	583,700
af.	**Podiatry**		
		2016-17	**2017-18**
Restricted Funds		38,800	39,900
ag.	**Private Investigators**		
		2016-17	**2017-18**

Restricted Funds		101,500	101,500
ah. Licensed Professional Counselors			
		2016-17	**2017-18**
Restricted Funds		215,800	215,800
ai. Prosthetics, Orthotics, and Pedorthics			
		2016-17	**2017-18**
Restricted Funds		46,200	46,200
aj. Examiners of Psychology			
		2016-17	**2017-18**
Restricted Funds		256,400	256,400
ak. Real Estate Appraisers			
		2016-17	**2017-18**
Restricted Funds		793,200	841,600
al. Real Estate Commission			
		2016-17	**2017-18**
Restricted Funds		2,370,500	2,383,100
am. Respiratory Care			
		2016-17	**2017-18**
Restricted Funds		218,100	219,500
an. Social Work			
	2015-16	**2016-17**	**2017-18**
Restricted Funds	53,500	358,200	338,300
ao. Speech-Language Pathology and Audiology			
		2016-17	**2017-18**
Restricted Funds		190,100	190,100
ap. Veterinary Examiners			
		2016-17	**2017-18**

Restricted Funds		277,600	277,600

TOTAL - OCCUPATIONAL AND PROFESSIONAL BOARDS AND COMMISSIONS

	2015-16	2016-17	2017-18
Restricted Funds	53,500	25,625,700	25,787,200

27. KENTUCKY RIVER AUTHORITY

	2016-17	2017-18
General Fund	256,000	258,200
Restricted Funds	3,507,900	6,881,300
TOTAL	3,763,900	7,139,500

(1) Debt Service: Included in the above Restricted Funds appropriation is $3,366,000 in fiscal year 2017-2018 for new debt service to support bonds as set forth in Part II, Capital Projects Budget, of this Act.

28. SCHOOL FACILITIES CONSTRUCTION COMMISSION

	2016-17	2017-18
General Fund	121,991,300	134,918,000
Restricted Funds	525,000	-0-
TOTAL	122,516,300	134,918,000

(1) Debt Service: Included in the above General Fund appropriation is $10,356,300 in fiscal year 2016-2017 and $23,019,400 in fiscal year 2017-2018 for new debt service to support bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) Additional Offers of Assistance: Notwithstanding KRS 157.611 to 157.665, the School Facilities Construction Commission is authorized to make an additional $91,000,000 in offers of assistance during the 2016-2018 biennium in anticipation of debt service availability during the 2018-2020 biennium. No bonded indebtedness based on the above amount is to be incurred during the 2016-2018 biennium.

(3) Urgent Needs School Assistance -- 2014-2016: (a) If bonds for those

Urgent Needs Schools authorized in 2014 Ky. Acts ch. 117, Part I, A., 28., (5) and 2014 Ky. Acts ch. 117, Part I, C., 1., (19)(b) are not issued by June 30, 2016, then the School Facilities Construction Commission is authorized to make offers of assistance to districts for the remaining Urgent Needs Schools as authorized in Part II, A., 10., 001. of this Act.

(b) If a school district receives an allotment for an Urgent Needs School authorized in 2014 Ky. Acts ch. 117, Part I, A., 28., (5) and 2014 Ky. Acts ch. 117, Part I, C., 1., (19)(b) or in Part II, Capital Projects Budget, of this Act and subsequently, as a result of litigation or insurance, receives funds for the original facility, the school district shall reimburse the Commonwealth an amount equal to that received for such purposes. If the litigation or insurance receipts are less than the amount received, the district shall reimburse the Commonwealth an amount equal to that received as a result of litigation or insurance less the district's costs and legal fees in securing the judgment or payment. Any funds received in this manner shall be deposited in the Budget Reserve Trust Fund Account (KRS 48.705).

(4) Urgent Needs School Assistance -- 2016-2018: Notwithstanding KRS 157.611 to 157.665, the School Facilities Construction Commission is authorized to make additional offers of assistance in the specified amounts during the 2016-2018 fiscal biennium to the following local school districts:

(a) Not~~[less than $1,029,700 nor]~~ more than $3,850,000 to Lewis County Schools for Lewis County Central Elementary School;

(b) Not~~[less than $9,254,900 nor]~~ more than $13,580,000 to Breckinridge County Schools for Hardinsburg Elementary School;

(c) Not~~[less than $12,868,800 nor]~~ more than $14,355,000 to Raceland-Worthington Independent Schools for Worthington Middle School;

(d) Not~~[less than $13,985,800 nor]~~ more than $19,186,800 to Hart County Schools for Hart County High School;

(e) Not~~[less than $10,337,600 nor]~~ more than $12,585,000 to Boyle County

Schools for Boyle County Middle School; and

(f) Not~~[less than $18,806,500 nor]~~ more than $25,188,000 to Morgan County Schools for Morgan County High School.

These schools are designated as the six schools ranked highest on the Kentucky Facilities Inventory and Classification System that are A1 schools, are ranked as a Priority 1 or 2 on the local school district's facility plan, are located in districts that did not receive Urgent Needs School Assistance funding authorized in 2014 Ky. Acts ch. 117, Part I, A., 28., (5), and have levied a ten-cent equivalent tax dedicated to capital improvements but remain unable to cash fund or to sufficiently support the required annual debt service for replacement or renovation of the school. The amounts stated represent the difference between the cost to replace or renovate the designated facility and the amount of available local resources.

The School Facilities Construction Commission shall not make an offer of assistance to a local school district listed in paragraphs (a) through (f) in excess of the minimum amount authorized for the respective local school district unless provided with written authorization of the Commissioner of Education or his or her designee and documentation of the project cost, but in no case shall any district listed in paragraphs (a) through (f) receive an additional offer of assistance greater than the maximum amount authorized for the respective local school district.

(5) Critical Construction Needs Schools: Notwithstanding KRS 157.611 to 157.665, the School Facilities Construction Commission is authorized to make an additional offer of assistance of $5,000,000 to Martin County Schools in fiscal year 2016-2017, which shall be used to complete construction of Sheldon Clark High School. These funds are in addition to those authorized in 2014 Ky. Acts ch. 117, Part I, C., 1., (19) for this purpose. If the school district subsequently, as the result of litigation or insurance, receives funds for the original facility, Martin County Schools shall reimburse the Commonwealth an amount equal to that received pursuant to this subsection. If the

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

29. TEACHERS' RETIREMENT SYSTEM

	2016-17	2017-18
General Fund	779,248,000	744,837,200
Restricted Funds	12,934,000	13,515,000
TOTAL	792,182,000	758,352,200

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

(2) Additional Employer Contribution for Pension Fund: Included in the above General Fund appropriation is $453,869,600 in fiscal year 2016-2017 and $430,056,700 in fiscal year 2017-2018 to be applied to the unfunded pension liability of the Kentucky Teachers' Retirement System, of which $9,598,200 in fiscal year 2016-2017 and $19,288,600 in fiscal year 2017-2018 represent lesser debt service funding requirements for bonds previously issued for the Kentucky Teachers' Retirement System.

(3) Debt Service: Included in the above General Fund appropriation is $106,838,400 in fiscal year 2016-2017 and $97,148,000 in fiscal year 2017-2018 for debt service on previously issued bonds.

(4) State Annual Appropriations Deficit: Pursuant to KRS 161.550(6), the Kentucky Teachers' Retirement System has identified a $24,613,400 deficit for fiscal years 2013-2014 and 2014-2015. A portion of this deficit shall be funded from $11,624,800 from the state medical insurance fund stabilization contribution for fiscal

year 2015-2016 within the General Fund appropriation specified in 2014 Ky. Acts ch. 117, Part I, A., 29., and identified as the excess amount of the state medical insurance fund stabilization contribution by the Kentucky Teachers' Retirement System. Included in the above General Fund appropriation is $12,988,600 in fiscal year 2016-2017 for the remaining portion of the deficit.

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

(6) Amortization of Sick Leave: Included in the above General Fund appropriation is $5,623,500 in fiscal year 2016-2017 and $11,660,200 in fiscal year 2017-2018 to provide the cost of amortizing the requirements of KRS 161.155, relating to sick leave, for members retiring during the 2016-2018 biennium.

(7) Contribution for Retiree Medical Insurance: Included in the above General Fund appropriation is $46,545,800 in fiscal year 2016-2017 and $53,948,400 in fiscal year 2017-2018 to support the state's contribution for the cost of retiree health insurance for members not eligible for Medicare, who have retired since July 1, 2010, pursuant to KRS 161.550.

(8) Direct Appropriation for Pension Liability: Included in the above General Fund appropriation is $44,668,000 in each fiscal year to be applied to the unfunded pension liability of the Kentucky Teachers' Retirement System.

30. APPROPRIATIONS NOT OTHERWISE CLASSIFIED

	2016-17	2017-18
General Fund	5,026,400	5,026,400

(1) Funding Sources for Appropriations Not Otherwise Classified: Funds required to pay the costs of items included within Appropriations Not Otherwise Classified are appropriated. Any required expenditure over the above amounts is to be

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

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

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

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

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

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

31. JUDGMENTS

	2016-17	**2017-18**

General Fund	-0-	-0-

(1) Payment of Judgments and Carry Forward of General Fund Appropriation Balance: Notwithstanding KRS 45A.275, the above appropriation is for the payment of judgments as may be rendered against the Commonwealth by courts and orders of the State Personnel Board and, where applicable, shall be subject to KRS Chapter 45, and for the payment of medical malpractice judgments against the University of Kentucky and the University of Louisville in accordance with KRS 164.892 and 164.941, and for the payment of judgments, audit adjustments, and excess billings to federal programs related to transfers from statewide internal service funds to the General Fund authorized in prior appropriations acts. Funds required to pay the costs of items included within the Judgments budget unit are appropriated, and any required expenditure over the above amounts is to be paid first from the General Fund Surplus Account (KRS 48.700), if available, or from the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act.

32. KENTUCKY COMMUNICATIONS NETWORK AUTHORITY

	2016-17	2017-18
Restricted Funds	18,469,200	27,941,900
Federal Funds	180,500	-0-
TOTAL	18,649,700	27,941,900

(1) Unexpended Debt Service to Support Availability Payments: If funding generated by the Kentucky Communications Network Authority is not sufficient to support availability payments required by the Authority's public-private partnership contract, then notwithstanding KRS 48.720 and any other provision of this Act, General Fund moneys appropriated to the Finance and Administration Cabinet for debt service in fiscal years 2016-2017 and 2017-2018 that are not needed to satisfy any debt service obligations may be used to support those availability payments. The Secretary of the Finance and Administration Cabinet shall certify the amount of debt service

appropriations not needed to satisfy any debt service obligations and provide notification to the Capital Projects and Bond Oversight Committee before such moneys can be used for this purpose.

TOTAL - GENERAL GOVERNMENT

	2015-16	2016-17	2017-18
General Fund (Tobacco)	21,099,500	28,008,000	31,100,200
General Fund	-0-	1,256,693,100	1,221,637,800
Restricted Funds	9,901,200	294,703,400	330,484,100
Federal Funds	870,000	136,990,900	134,257,700
Road Fund	-0-	519,200	520,400
TOTAL	31,870,700	1,716,914,600	1,718,000,200

B. ECONOMIC DEVELOPMENT CABINET

Budget Units

1. ECONOMIC DEVELOPMENT

	2015-16	2016-17	2017-18
General Fund	-0-	17,963,600	18,953,200
Restricted Funds	975,000	2,994,300	3,013,300
Federal Funds	-0-	200,000	100,000
TOTAL	975,000	21,157,900	22,066,500

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

(2) Debt Service: Included in the above General Fund appropriation is $922,000 in fiscal year 2017-2018 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(3) Lapse and Carry Forward of General Fund Appropriation Balance for Bluegrass State Skills Corporation: Notwithstanding KRS 45.229, the General Fund appropriation balance for Bluegrass State Skills Corporation training grants for fiscal year 2015-2016 and fiscal year 2016-2017 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 2014-2015 combined with the additional training grant allotment amounts for each fiscal year of the 2016-2018 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).

~~[(4) Kentucky Innovation and Commercialization Center Program: The Kentucky Innovation and Commercialization Center Program authorized in KRS 154.12-305 shall remain open for the 2016-2018 fiscal biennium. Included in the above General Fund appropriation are sufficient funds to support 13 Innovation and Commercialization Centers.~~

~~(5) Northern Kentucky Waterfront Development: Included in the above General Fund appropriation is $150,000 in each fiscal year to be used by the cities of Bellevue, Covington, Dayton, Ft. Thomas, Ludlow, and Newport on projects or activities related to the development of Riverfront Commons. These funds shall be expended for the benefit of a geographic corridor approximately 12 miles long and one-half mile deep along the left bank of the Ohio River in Northern Kentucky in the communities of Bellevue, Covington, Dayton, Ft. Thomas, Ludlow, and Newport. The project shall include the area from the mouth of the Licking River to the Veterans' (Fourth Street) Bridge.~~

~~(6) Louisville Waterfront Development Corporation: Included in the above General Fund appropriation is $420,000 in each fiscal year for the Louisville Waterfront~~

~~Development Corporation. These funds shall be expended for projects or activities related to the benefit of Louisville Waterfront Park. The park area is contained within an area of approximately 85 acres, along a geographic corridor of over a mile, 500 to 800 feet from shore to its land-ward boundary.]~~

(7) Funding for Aerospace/Aviation and Exomedicine Research and Development: Notwithstanding KRS 154.20-410, any unallotted or unencumbered balances in the Kentucky Alternative Fuel and Renewable Energy Fund may be used to support research and development and commercialization activities undertaken by or in partnership with companies or not-for-profit organizations at a four-year public postsecondary institution in the areas of aerospace/aviation, Exomedicine, and other related activities as approved by the Cabinet for Economic Development.

~~[(8) Waterfront Botanical Gardens: Included in the above General Fund appropriation is $225,000 in each fiscal year for Botanica, Incorporated. These funds shall be expended for the projects or activities related to the benefit of the Louisville Waterfront Botanical Gardens. The botanical gardens shall encompass an area of 23 acres bounded by Frankfort Avenue to the east, River Road to the north, Beargrass Creek to the west, and Interstate 71 to the south, within the city limits of Louisville.]~~

C. DEPARTMENT OF EDUCATION

Budget Units

1. SUPPORT EDUCATION EXCELLENCE IN KENTUCKY (SEEK) PROGRAM

	2016-17	2017-18
General Fund	3,035,747,400	3,024,776,100

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

(2) Allocation of SEEK Funds: Notwithstanding KRS 157.360(2)(c), the above General Fund appropriation to the base SEEK Program is intended to provide a base

guarantee of $3,981 per student in average daily attendance in fiscal year 2016-2017 and $3,981 per student in average daily attendance in fiscal year 2017-2018 as well as to meet the other requirements of KRS 157.360.

Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose, except as provided in this Act. The total appropriation for the SEEK Program shall be measured by, or construed as, estimates of the state expenditures required by KRS 157.310 to 157.440. If the required expenditures exceed these estimates, the Secretary of the Finance and Administration Cabinet, upon the written request of the Commissioner of Education and with the approval of the Governor, may increase the appropriation by such amount as may be available and necessary to meet, to the extent possible, the required expenditures under the cited sections of the Kentucky Revised Statutes, but any increase of the total appropriation to the SEEK Program is subject to Part III, General Provisions, of this Act and KRS Chapter 48. If funds appropriated to the SEEK Program are insufficient to provide the amount of money required under KRS 157.310 to 157.440, allotments to local school districts may be reduced in accordance with KRS 157.430. Notwithstanding KRS 45.229, any unexpended SEEK funds shall not lapse and shall be transferred to the Kentucky Teachers' Retirement System to be applied to the system's unfunded pension liability.

(3) Base SEEK Allotments: Notwithstanding KRS 157.420(2), included in the above General Fund appropriation is $2,101,558,200 in fiscal year 2016-2017 and $2,089,985,500 in fiscal year 2017-2018 for the base SEEK Program as defined by KRS 157.360. Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose except as provided in this Act. Notwithstanding KRS 157.360(2)(c), included in the appropriation for the base SEEK Program is $214,752,800 in each fiscal year for pupil transportation.

(4) Tier I Component: Included in the above General Fund appropriation is $174,548,800 in fiscal year 2016-2017 and $170,111,400 in fiscal year 2017-2018 for the Tier I component as established by KRS 157.440.

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

(6) Secondary Vocational Education: Included in the above General Fund appropriation is $22,881,900 in fiscal year 2016-2017 and $22,881,900 in fiscal year 2017-2018 to provide secondary vocational education in state-operated vocational schools.

(7) Teachers' Retirement System Employer Match: Included in the above General Fund appropriation is $388,817,000 in fiscal year 2016-2017 and $397,482,500 in fiscal year 2017-2018 to enable local school districts to provide the employer match for qualified employees as provided for by KRS 161.550.

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

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

(10) SEEK Adjustment Factors: Funds allocated for the SEEK base and its

adjustment factors that are not needed for the base or a particular adjustment factor may be allocated to other adjustment factors, if funds for that adjustment factor are not sufficient.

(11) Facilities Support Program of Kentucky/Equalized Nickel Levies: Included in the above General Fund appropriation is $80,109,500 in fiscal year 2016-2017 and $78,002,400 in fiscal year 2017-2018 to provide facilities equalization funding pursuant to KRS 157.440 and 157.620.

(12) Growth Levy Equalization Funding: Included in the above General Fund appropriation is $17,234,200 in fiscal year 2016-2017 and $16,414,200 in fiscal year 2017-2018 to provide facilities equalization funding pursuant to KRS 157.440 and 157.620, for districts meeting the eligibility requirements of KRS 157.621(1) and (4).

(13) Retroactive Equalized Facility Funding: Included in the above General Fund appropriation is $16,377,200 in fiscal year 2016-2017 and $15,973,300 in fiscal year 2017-2018 to provide equalized facility funding pursuant to KRS 157.440 and 157.620 to districts meeting the eligibility requirements of KRS 157.621(2) and (4). In addition, a local board of education that levied a tax rate subject to recall by January 1, 2014, in addition to the five cents levied pursuant to KRS 157.440(1)(b) and that committed the receipts to debt service, new facilities, or major renovations of existing facilities shall be eligible for equalization funds from the state at 150 percent of the statewide average per pupil assessment. Revenue to generate the five cent equivalent levy may be obtained from levies on property, motor vehicles, or the taxes authorized by KRS 160.593 to 160.597, 160.601 to 160.633, and 160.635 to 160.648 if the levy was dedicated to facilities funding at the time of the levy. The equalization funds shall be used as provided in KRS 157.440(1)(b). For the 2016-2018 fiscal biennium, school districts that levied the tax rate subject to recall prior to January 1, 2014, shall be equalized at 100 percent of the calculated equalization funding, and school districts that levied the tax rate subject to recall after January 1, 2014, and before January 1, 2016, and began collecting

the tax by fiscal year 2016-2017, shall be equalized at 25 percent of the calculated equalization funding in each fiscal year. It is the intent of the 2016 General Assembly that any local school district receiving partial equalization under this subsection in the 2016-2018 fiscal biennium shall receive full calculated equalization in the 2018-2020 fiscal biennium and thereafter.

(14) Equalized Facility Funding: Included in the above General Fund appropriation is $6,829,600 in fiscal year 2016-2017 and $6,658,300 in fiscal year 2017-2018 to provide equalized facility funding pursuant to KRS 157.420 and 157.620 to districts meeting the eligibility requirements of KRS 157.621(3) and (4).

(15) BRAC Equalized Facility Funding: Included in the above General Fund appropriation is $1,832,000 in fiscal year 2016-2017 and $1,764,100 in fiscal year 2017-2018 to provide equalized facility funding to school districts meeting the eligibility requirements of KRS 157.621(1)(c) pursuant to KRS 157.440 and 157.620.

(16) Equalization Funding for Critical Construction Needs Schools: Included in the above General Fund appropriation is $5,639,300 in fiscal year 2016-2017 and $5,532,800 in fiscal year 2017-2018 to school districts in accordance with 2010 (1st Extra. Sess.) Ky. Acts ch. 1, Part I, C., 4., (18).

(17) Hold-Harmless Guarantee: A modified hold-harmless guarantee is established in fiscal biennium 2016-2018 which provides that every local school district shall receive at least the same amount of Support Education Excellence in Kentucky (SEEK) state funding per pupil as was received in fiscal year 1991-1992. If funds appropriated to the SEEK Program are insufficient to provide the amount of money required under KRS 157.310 to 157.440, and allotments to local school districts are reduced in accordance with KRS 157.430, allocations to school districts subject to this provision shall not be reduced.

(18) Residential Youth-at-Risk Programs: In accordance with KRS 157.360, no funds from the SEEK Program shall be distributed to the programs operated by the

Kentucky Guard Youth Challenge Division of the Department of Military Affairs. Notwithstanding KRS 157.350, 157.360, 157.410, and any other statute to the contrary, any nonresident school district providing educational services to students enrolled in programs operated by the Kentucky Guard Youth Challenge Division of the Department of Military Affairs shall be paid for those services from the General Fund appropriation in Part I, A., 8. of this Act.

(19) Additional SEEK Funding: If the General Fund appropriation contained in 2014 Ky. Acts ch. 117, Part I, C., 1. is not sufficient to fully fund the SEEK Program, including any adjustments pursuant to KRS 157.360 in fiscal year 2015-2016, or if the above General Fund appropriation is not sufficient to fully fund the SEEK Program, including any adjustments pursuant to KRS 157.360 in fiscal year 2016-2017 or fiscal year 2017-2018, the Kentucky Department of Education may request up to $10,000,000 in each fiscal year, which shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

2. OPERATIONS AND SUPPORT SERVICES

	2016-17	**2017-18**
General Fund	58,148,800	58,849,300
Restricted Funds	7,390,000	7,401,500
Federal Funds	328,954,900	328,966,400
TOTAL	394,493,700	395,217,200

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

~~[(2) School Technology in Coal Counties: Notwithstanding KRS 42.4582 and~~

~~42.4585, included in the above General Fund appropriation is $1,750,000 in each fiscal year for the purpose of enhancing education technology in local school districts within coal-producing counties. The Commissioner of Education shall use the appropriation in this subsection to continue the Coal County Computing Program in conjunction with the Cabinet for Economic Development through its Department of Commercialization and Innovation.~~]

(3) Debt Service: Included in the above General Fund appropriation is $578,000 in fiscal year 2016-2017 and $1,220,500 in fiscal year 2017-2018 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(4) Blind/Deaf Residential Travel Program: Included in the above General Fund appropriation is $525,100 in each fiscal year for the Blind/Deaf Residential Travel Program.

(5) School Food Services: Included in the above General Fund appropriation is $3,646,200 in each fiscal year for the School Food Services Program.

(6) Review of the Classification of Primary and Secondary School Buildings: Included in the above General Fund appropriation is $2,000,000 in each fiscal year to implement KRS 157.420(9) and (10). Notwithstanding KRS 45.229, any portion of the $2,000,000 that has not been expended by the end of fiscal year 2016-2017 shall not lapse and shall carry forward into fiscal year 2017-2018. Notwithstanding KRS 157.420(9) and (10), only schools classified as A1, A2, A3, A4, A5, A6, C2, and D1 shall be included in the evaluation process. Notwithstanding KRS 157.420(9) and (10), the Department of Education may limit the school buildings included in the evaluation process based on the time elapsed since the building's construction or last major renovation as defined in 702 KAR 4:160. The Department of Education shall provide an updated list of school buildings evaluated by the process pursuant to KRS 157.420(9) and (10) to the Legislative Research Commission by October 1, 2017. The Department of Education shall also maintain and update this list and provide an updated list to the Legislative

Research Commission by October 1 of each odd-numbered year.

3. LEARNING AND RESULTS SERVICES

	2016-17	2017-18
General Fund	1,037,639,100	1,039,225,600
Restricted Funds	26,752,500	26,787,400
Federal Funds	559,520,200	559,526,700
TOTAL	1,623,911,800	1,625,539,700

(1) Funding for Employer Health and Life Insurance: If the costs for health insurance or life insurance coverage for employees of local school districts exceed the levels of appropriated funds, any unexpended Support Education Excellence in Kentucky appropriations may be used to offset the unbudgeted costs. Any transfer shall be subject to the approval of the Governor upon the written recommendation of the State Budget Director pursuant to the written request of the Commissioner of Education. The per-month, per-employee administrative assessment shall be remitted to the Personnel Cabinet by the Department of Education from the General Fund appropriation for local school district health and life insurance.

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

(3) Family Resource and Youth Services Centers: Funds appropriated to establish and support Family Resource and Youth Services Centers shall be transferred in fiscal year 2016-2017 and in fiscal year 2017-2018 to the Cabinet for Health and Family Services consistent with KRS 156.496. The Cabinet for Health and Family Services is authorized to use, for administrative purposes, no more than three percent of the total funds transferred from the Department of Education for the Family Resource and Youth Services Centers. If a certified person is employed as a director or coordinator of a Family

Resource and Youth Services Center, that person shall retain his or her status as a certified employee of the school district.

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

(4) Health Insurance: Included in the above General Fund appropriation is $694,800,000 in fiscal year 2016-2017 and $696,247,500 in fiscal year 2017-2018 for employer contributions for health insurance and the contribution to the health reimbursement account for employees waiving coverage.

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

~~[(6) Publishing Requirements: Notwithstanding KRS 160.463 and 424.220, public availability of the school district's complete annual financial statement and the school report card shall be made by publishing the documents in the newspaper of the largest general circulation in the county, electronically on the Internet, or by printed copy at a prearranged site at the main branch of the public library within the school district. If publication on the Internet or by printed copy at the public library is chosen, the~~

~~superintendent shall be directed to publish notification in the newspaper of the largest circulation in the county as to the location where the document can be viewed by the public. The notification shall include the address of the library or the electronic address of the Web site on the Internet where the documents can be viewed.]~~

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

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

(9) Coordination With Head Start: Each local district shall work with Head Start and other existing preschool programs to avoid duplication of services and programs, to avoid supplanting federal funds, and to maximize Head Start funds in order to serve as many four-year-old children as possible, and shall maintain certification from the Head Start director that the Head Start Program is fully utilized. If a local district fails to comply with the requirements of this subsection, the Commissioner of Education shall withhold preschool funding for an amount equal to the number of Head Start-eligible children served in the district who would have been eligible to be served by Head Start under the full utilization certification required under this subsection. The Commissioner of Education shall resolve any disputes and make a determination of the district's compliance with the full utilization requirement. Notwithstanding KRS 157.3175(1)(a) and (b) and 157.3175(4)(b), the Department of Education shall continue to implement entrance age requirements for preschool in the 2016-2017 school year to align with the new school entrance age requirements pursuant to KRS 158.030.

(10) Surplus Property: Notwithstanding KRS 45.777, any funds received by the

Commonwealth from the disposal of any surplus property at the Kentucky School for the Blind, the Kentucky School for the Deaf, and the FFA Leadership Training Center shall be deposited in a separate restricted account for each facility and shall not be expended without appropriation authority granted by the General Assembly.

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

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

(13) Allocations to School-Based Decision Making Councils: Notwithstanding KRS 160.345(8), for fiscal years 2016-2017 and 2017-2018, a local board of education may reduce the allocations to individual schools within the district as outlined in 702 KAR 3:246, secs. 6, 7, and 8. The allocation under 702 KAR 3:246, sec. 6, shall not be less than $100 per pupil in average daily attendance.

(14) Kentucky School for the Blind and Kentucky School for the Deaf: Included in the above General Fund appropriation is $6,741,400 in fiscal year 2016-2017 and $6,755,500 in fiscal year 2017-2018 for the Kentucky School for the Blind and $9,916,500 in fiscal year 2016-2017 and $9,937,100 in fiscal year 2017-2018 for the Kentucky School for the Deaf.

(15) Learning and Results Services Programs: Notwithstanding KRS 156.265, included in the above General Fund appropriation are the following allocations for the 2016-2018 fiscal biennium[~~, but no portion of these funds shall be utilized for state level administrative purposes~~]:

(a) $1,236,000 in each fiscal year for~~[the ACT and WorkKeys]~~ testing;

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

(c) $1,358,800 in each fiscal year for the Commonwealth School Improvement Fund;

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

(e) $1,225,600 in each fiscal year for the Collaborative Center for Literacy Development;

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

~~[(g) $225,700 in each fiscal year for the Every1 Reads Program;]~~

(h) $25,510,700 in each fiscal year for the Extended School Services Program;

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

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

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

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

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

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

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

(p) $90,113,200 in each fiscal year for the Preschool Program;

(q) $11,927,700 in each fiscal year for the Professional Development Program;

(r) $720,300 in each fiscal year for the Teacher's Professional Growth Fund;

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

(t) $10,378,300 in each fiscal year for the Safe Schools Program;

(u) $941,400 in each fiscal year for the Save the Children/Rural Literacy Program;

(v) $10,096,500 in each fiscal year for the State Agency Children Program;

(w) $1,400,800 in each fiscal year for the Teacher Academies Program;

(x) $16,700,000 in each fiscal year for Instructional Resources;

(y) $1,338,200 in each fiscal year for the Teacher Recruitment and Retention Program-Educator Quality and Diversity;

(z) $700,300 in each fiscal year for the Virtual Learning Program;

(aa) $534,300 in each fiscal year for the Writing Program;

(ab) $100,000 in each fiscal year for the Lexington Hearing and Speech Center,

(ac) $100,000 in each fiscal year for the Heuser Hearing and Language Academy;

(ad) $100,000 in each fiscal year for the Visually Impaired Preschool Services program;

(ae) $1,200,000 in each fiscal year for AdvanceKentucky; and

(af) $250,000 in each fiscal year for Teach for America.

(16) Participation in the Education Technology Program by Area Vocational Education Centers: Area Vocational Education Centers shall be fully eligible to participate in the Kentucky Education Technology System. Notwithstanding KRS 157.650, 157.655, 157.660, and 157.665, the School Facilities Construction Commission, in consultation with the Kentucky Board of Education and the Department of Education, shall develop administrative regulations which identify a methodology by which the average daily attendance for Area Vocational Education Centers may be equated to the average daily attendance of other local school districts in order that they may receive their respective distributions of these funds. The School Facilities Construction Commission shall include Area Vocational Education Centers in any offers of assistance to local school districts for technology assistance during the 2016-2018 fiscal biennium.

(17) Transfer of State-Operated Secondary Vocational Education and Technology Centers: (a) Notwithstanding KRS 156.808, 156.812, 156.814, 156.816, 156.820, and 156.826, effective at the beginning of fiscal year 2016-2017, a local board of education may submit a request to the Executive Director of the Office of Career and

Technical Education to assume authority for the management and control of a state-operated secondary vocational education and technology center. Upon agreement between the Executive Director of the Office of Career and Technical Education and the local board of education for the transfer of a state-operated secondary vocational education and technology center, all personnel, equipment, and supplies shall be transferred to the local board of education and shall only be utilized for the operation of the locally operated vocational center. The transfer of management and control of the secondary area vocational education and technology center shall be considered a permanent transfer to the local district.

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

(c) A transferred employee who has accrued annual leave and compensatory time shall be paid a lump sum for the accrued time at the effective date of the transfer by the Office of Career and Technical Education. The employee shall be granted credit for accrued sick leave up to the maximum allowed for transfers for teachers between school districts. Sick leave credit shall be awarded to a classified employee based on the local board policy. Any excess sick leave that a classified or certified employee has earned that the district will not accept in the transfer may be requested to be held in escrow by the appropriate state personnel system under KRS Chapter 18A or 156, and the sick leave balance shall be restored to the employee if the employee returns to a state government

position.

(d) An employee who is to be transferred to a local board of education under provisions of this subsection but who chooses not to accept a one-year limited contract with the board shall be separated from the state system, and the employee's position shall be abolished. The employee may apply for any state position for which the employee is qualified but shall not be granted priority over other applicants for a position because the employee's position was abolished due to a transfer of the vocational education and technology center. An employee who refuses a contract with the local board shall be provided a lump-sum payment for accrued annual leave and compensatory time, and the employee's sick leave balance shall be placed in escrow by the appropriate state personnel system under KRS Chapter 18A or 156. The sick leave balance shall be restored to the employee if the employee returns to a state government position.

(e) A certified employee, other than a principal, who has earned continuing status in the state certified personnel system under KRS Chapter 156 may be granted tenure under the provisions of KRS 161.740(1)(c). A principal may be granted tenure as a teacher, but the provisions relating to demotion of the principal under KRS 161.765 shall apply.

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

(g) General Fund moneys previously appropriated to the Office of Career and Technical Education for support of the transferred state-operated vocational technical school shall be appropriated to the Kentucky Department of Education for support of the local board of education center operations effective at the beginning of fiscal year 2016-2017. In addition, the local board of education shall receive 100 percent of the Support Education Excellence in Kentucky (SEEK) Program funds from the Kentucky

Department of Education that are generated from students enrolled in the center.

(18) Transfer of Locally Operated Secondary Vocational Education and Technology Centers: (a) Effective at the beginning of fiscal year 2016-2017, a local board of education that has operated a career and technical center for at least five years may submit a request to the Executive Director of the Office of Career and Technical Education to relinquish authority for the management and control of the career and technical center to the Office of Career and Technical Education. Upon agreement between the Executive Director of the Office of Career and Technical Education and the local board of education for the transfer of a locally operated career and technical center, the local board of education shall transfer all personnel, equipment, and supplies to the Office of Career and Technical Education.

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

(c) A certified employee shall be granted credit for accrued sick leave by the Office of Career and Technical Education up to the maximum allowed for transfers for teachers between school districts. The Office of Career and Technical Education shall award sick leave credit to a classified employee based on the sick leave accumulated in the local district. Any excess sick leave that a classified or certified employee earned that

had been held in escrow by the appropriate state personnel system under KRS Chapter 18A or 156 when a transfer was made to the local board of education shall be restored to the employee.

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

(e) A certified employee, other than a principal, who has earned continuing status in the local school district under KRS 161.740(1), shall be granted continuing status under the provisions of KRS 156.820. A principal may be granted continuing status as a teacher, but the provisions relating to demotion under KRS 156.820(8) shall apply.

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

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

(19) Preschool Education Program:~~[Notwithstanding 704 KAR 3:410(2), a child shall be considered eligible for enrollment in the preschool program if he or she is a resident of the school district, has reached the age of four by August 1 of the school year,~~

~~and his or her family income is less than 200 percent of the federal poverty level. It is the intent of the General Assembly that the increase of preschool enrollment eligibility to 200 percent or less of the federal poverty level is a pilot program for the 2016-2018 fiscal biennium. Income thresholds for preschool program eligibility in future years shall be determined based on future program enrollment growth and available funding.~~]

Notwithstanding KRS 157.3175, $7,500,000 of preschool funding in each fiscal year shall be used to develop a grant program to incentivize cooperative, public-private partnerships between school districts and child care providers to develop full-day, high quality programs for children eligible for assistance from the Child Care Assistance Program to be administered by the Kentucky Department of Education. The Board of Education, the Department of Education, the Early Childhood Advisory Council, the Child Care Advisory Council, and the Cabinet for Health and Family Services shall work collaboratively to develop the incentive grant program.

(20) Use of Local District Capital Funds: Notwithstanding KRS 157.420(4) and (6), 157.440, and 157.621, a local board of education may submit a request to the Commissioner of Education to utilize any capital funds, regardless of the source, for general operating expenses in fiscal year 2016-2017 without forfeiting the district's eligibility to participate in the School Facilities Construction Commission Program. Prior to August 1, 2016, the Kentucky Board of Education shall approve guidelines to be followed in considering such requests from local boards of education. Prior to December 15, 2016, the Kentucky Board of Education shall approve a recommendation to the General Assembly on the local school district use of capital funds in fiscal year 2017-2018, which shall be provided to the Interim Joint Committee on Appropriations and Revenue.

(21) Learning and Results Services Reporting: The Kentucky Board of Education shall prepare and submit an annual report to the Interim Joint Committee on Appropriations and Revenue by December 1 of each fiscal year detailing the use of

funding and performance outcomes for the following programs: Every1 Reads Program, Georgia Chaffee Teenage Parent Program, Lexington Hearing and Speech Center, Heuser Hearing and Language Academy, Visually Impaired Preschool Services Program, and Teach for America.

TOTAL - DEPARTMENT OF EDUCATION

	2016-17	**2017-18**
General Fund	4,131,535,300	4,122,851,000
Restricted Funds	34,142,500	34,188,900
Federal Funds	888,475,100	888,493,100
TOTAL	5,054,152,900	5,045,533,000

D. EDUCATION AND WORKFORCE DEVELOPMENT CABINET

Budget Units

1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

	2016-17	**2017-18**
General Fund	4,893,100	13,470,600
Restricted Funds	5,720,900	5,770,900
Federal Funds	2,589,900	2,589,900
TOTAL	13,203,900	21,831,400

(1) Debt Service: Included in the above General Fund appropriation is $8,543,000 in fiscal year 2017-2018 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) Governor's Scholars Program: Included in the above General Fund appropriation is $1,875,000 in fiscal year 2016-2017 and $1,875,900 in fiscal year 2017-2018 for the Governor's Scholars Program.

(3) Kentucky Center for Education and Workforce Statistics: Included in the above General Fund appropriation is $765,200 in fiscal year 2016-2017 and $775,000 in fiscal year 2017-2018 to support the Kentucky Center for Education and Workforce

Statistics (KCEWS).

(4) Governor's School for Entrepreneurs: Included in the above General Fund appropriation is $200,200 in each year for the Governor's School for Entrepreneurs.

2. PROPRIETARY EDUCATION

	2016-17	**2017-18**
Restricted Funds	286,500	288,600

3. DEAF AND HARD OF HEARING

	2016-17	**2017-18**
General Fund	862,900	873,900
Restricted Funds	1,109,600	1,109,600
TOTAL	1,972,500	1,983,500

4. KENTUCKY EDUCATIONAL TELEVISION

	2016-17	**2017-18**
General Fund	13,814,300	13,923,200
Restricted Funds	1,451,000	1,451,000
TOTAL	15,265,300	15,374,200

5. ENVIRONMENTAL EDUCATION COUNCIL

	2016-17	**2017-18**
Restricted Funds	211,900	188,700

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

6. LIBRARIES AND ARCHIVES

a. General Operations

	2016-17	**2017-18**
General Fund	5,898,900	5,943,700
Restricted Funds	1,983,500	1,981,100
Federal Funds	1,447,300	1,460,300

TOTAL	9,329,700	9,385,100

b. Direct Local Aid

	2016-17	**2017-18**
General Fund	7,058,100	7,058,100
Restricted Funds	592,200	592,200
Federal Funds	139,900	139,900
TOTAL	7,790,200	7,790,200

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

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

(3) Public Libraries Facilities Construction: Included in the above General Fund appropriation is a total of $4,329,600 in each fiscal year for the Public Libraries Facilities Construction Fund. Of that amount, $1,000,000 in each fiscal year is additional funding to assist local libraries with debt service payments for new library facilities and library improvements. Notwithstanding the provisions of KRS 171.027 and 725 KAR 2:015, local public libraries that currently own property, have debt service obligations, or are actively engaged in a construction project and have not been able to secure assistance from this fund due to lack of available funds shall be permitted to apply for grant funds during the 2016-2018 fiscal biennium.

TOTAL - LIBRARIES AND ARCHIVES

	2016-17	**2017-18**
General Fund	12,957,000	13,001,800
Restricted Funds	2,575,700	2,573,300
Federal Funds	1,587,200	1,600,200
TOTAL	17,119,900	17,175,300

7. OFFICE FOR THE BLIND

	2015-16	2016-17	2017-18
General Fund	-0-	1,424,800	1,438,700
Restricted Funds	900,000	1,477,600	1,482,300
Federal Funds	-0-	7,627,700	7,674,200
TOTAL	900,000	10,530,100	10,595,200

(1) Accessible Electronic Information Service Program: Included in the above General Fund appropriation is $36,400 in each fiscal year for the Accessible Electronic Information Service Program.

8. EMPLOYMENT AND TRAINING

	2016-17	2017-18
Restricted Funds	18,002,300	22,037,500
Federal Funds	689,594,500	694,504,400
TOTAL	707,596,800	716,541,900

(1) Unemployment Compensation Administration Fund: Notwithstanding KRS 341.240 and 341.295, funds from the Unemployment Compensation Administration Fund may be used each fiscal year to support the Wagner-Peyser program.

9. VOCATIONAL REHABILITATION

	2016-17	2017-18
General Fund	11,849,300	11,872,700
Restricted Funds	3,307,100	3,308,800
Federal Funds	45,767,800	45,855,700
TOTAL	60,924,200	61,037,200

10. EDUCATION PROFESSIONAL STANDARDS BOARD

	2016-17	2017-18
General Fund	6,819,400	6,839,300
Restricted Funds	1,352,800	1,353,100

Federal Funds		205,000	205,000
TOTAL		8,377,200	8,397,400

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

(2) Kentucky Teacher Internship Program: Notwithstanding KRS 161.028(1)(q), the Education Professional Standards Board may use the funds generated from professional school personnel certification fees to support the operations of the Kentucky Teacher Internship Program. Notwithstanding KRS 161.030(7), the Education Professional Standards Board shall set the minimum number of hours for the activities set forth in KRS 161.030(7), subject to the availability of appropriations.

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

TOTAL - EDUCATION AND WORKFORCE DEVELOPMENT CABINET

	2015-16	**2016-17**	**2017-18**
General Fund	-0-	52,620,800	61,420,200
Restricted Funds	900,000	35,495,400	39,563,800
Federal Funds	-0-	747,372,100	752,429,400
TOTAL	900,000	835,488,300	853,413,400

E. ENERGY AND ENVIRONMENT CABINET

Budget Units

1. SECRETARY

	2016-17	**2017-18**
General Fund	3,029,300	3,059,400

Restricted Funds	2,021,000	1,967,900
Federal Funds	810,900	856,300
TOTAL	5,861,200	5,883,600

(1) Administrative Support: Notwithstanding KRS 224.60-130, 224.60-140, and 224.60-145, the Secretary may use Restricted Funds to support the Environmental Quality Commission. The use of these funds shall not exceed $225,100 in fiscal year 2016-2017 and $233,600 in fiscal year 2017-2018.

2. ENVIRONMENTAL PROTECTION

	2016-17	**2017-18**
General Fund	22,877,100	22,479,100
Restricted Funds	71,968,800	71,301,000
Federal Funds	24,331,900	24,052,900
Road Fund	320,900	320,900
TOTAL	119,498,700	118,153,900

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

(2) Debt Service: Included in the above General Fund appropriation is $9,000 in fiscal year 2016-2017 and $180,500 in fiscal year 2017-2018 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

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

(4) Equipment and Maintenance: Included in the above General Fund appropriation is $350,000 in fiscal year 2016-2017 for the relocation of the Department for Environmental Protection's laboratory equipment to the new state office building on Sower Boulevard and $550,000 in fiscal year 2016-2017 for the construction of a maintenance and equipment garage on Sower Boulevard to house the Cabinet's machinery

and equipment.

3. NATURAL RESOURCES

	2016-17	2017-18
General Fund (Tobacco)	5,000,000	5,000,000
General Fund	32,330,000	32,632,200
Restricted Funds	14,844,800	14,657,900
Federal Funds	48,521,700	45,758,500
TOTAL	100,696,500	98,048,600

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

(2) Mine Safety: Notwithstanding KRS 351.140, the number of mandatory mine safety inspections to be carried out by the Division of Mine Safety shall be equal to the number of mine safety inspections required annually by the Mine Safety and Health Administration, with one of these general inspections being a complete electrical inspection. The Energy and Environment Cabinet shall take no action that would diminish the requirement that a trained mine rescue team be within 60 minutes of every underground mine licensed by the Department for Natural Resources as required by KRS 351.191.

(3) Environmental Stewardship Program: Included in the above General Fund (Tobacco) appropriation is $5,000,000 in fiscal year 2016-2017 and $5,000,000 in fiscal year 2017-2018 for the Environmental Stewardship Program.

~~[(4) Conservation Districts: Included in the above General Fund appropriation is $907,300 in each fiscal year for the Division of Conservation to provide direct aid to local conservation districts.~~

~~(5) Forestry Tree Nurseries: Included in the above Restricted Funds appropriation is $250,000 in each fiscal year for the Department of Natural Resources' tree nursery programs in Morgan County and Marshall County.]~~

4. ENERGY DEVELOPMENT AND INDEPENDENCE

	2016-17	**2017-18**
General Fund	1,241,200	1,249,200
Restricted Funds	1,412,400	1,103,600
Federal Funds	762,400	582,000
TOTAL	3,416,000	2,934,800

5. KENTUCKY NATURE PRESERVES COMMISSION

	2016-17	**2017-18**
General Fund	1,050,000	1,061,500
Restricted Funds	336,900	288,600
Federal Funds	39,000	39,000
TOTAL	1,425,900	1,389,100

6. PUBLIC SERVICE COMMISSION

	2016-17	**2017-18**
General Fund	16,498,900	16,582,600
Restricted Funds	200,000	200,000
Federal Funds	444,400	445,100
TOTAL	17,143,300	17,227,700

(1) **Debt Service:** Included in the above General Fund appropriation is $474,000 in each fiscal year for debt service for previously issued bonds.

(2) **Lapse of General Fund Appropriation Balance:** Notwithstanding KRS

278.150(3), $7,068,000 in fiscal year 2016-2017 and $7,068,000 in fiscal year 2017-2018 shall lapse to the credit of the General Fund.

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

TOTAL - ENERGY AND ENVIRONMENT CABINET

	2016-17	**2017-18**
General Fund (Tobacco)	5,000,000	5,000,000
General Fund	77,026,500	77,064,000
Restricted Funds	90,783,900	89,519,000
Federal Funds	74,910,300	71,733,800
Road Fund	320,900	320,900
TOTAL	248,041,600	243,637,700

F. FINANCE AND ADMINISTRATION CABINET

Budget Units

1. GENERAL ADMINISTRATION

	2016-17	**2017-18**

General Fund	9,405,200	13,575,300
Restricted Funds	32,431,600	32,638,200
Road Fund	445,100	448,100
TOTAL	42,281,900	46,661,600

(1) Debt Service: Included in the above General Fund appropriation is $2,563,500 in fiscal year 2016-2017 and $6,662,000 in fiscal year 2017-2018 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

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

(3) Lexington Convention Center Project: Prior to any further investment by the General Assembly in the Lexington Convention Center project, the Lexington-Fayette Urban County Government shall remit to the Commonwealth a payment of $2,187,500 to be distributed pursuant to KRS 42.4592(1)(a) and (b). This payment shall serve to reimburse the Local Government Economic Development Fund for the moneys that were transferred pursuant to 2012 Ky. Acts ch. 144, Pt. I, A., 13., (30) and used by the Lexington-Fayette Urban County Government for the planning and design of the project.

(4) Performance Review of State Motor Vehicle Fleet: The Secretary of the Finance and Administration Cabinet shall conduct a performance review of the state motor vehicle fleet, which shall include evaluation of vehicle fleet demand, operations, maintenance, procurement, replacement rate, and utilization. The performance review shall be submitted to the Interim Joint Committee on Appropriations and Revenue by December 1, 2016.

2. CONTROLLER

	2016-17	2017-18
General Fund	5,848,700	5,893,900
Restricted Funds	11,342,200	11,521,200
TOTAL	17,190,900	17,415,100

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

3. DEBT SERVICE

	2016-17	2017-18
General Fund (Tobacco)	26,985,300	26,667,700
General Fund	423,105,900	469,749,500
TOTAL	450,091,200	496,417,200

(1) General Fund (Tobacco) Debt Service Lapse: Notwithstanding Part X, (4) of this Act, $2,151,400 in fiscal year 2016-2017 and $2,218,000 in fiscal year 2017-2018 shall lapse.

4. FACILITIES AND SUPPORT SERVICES

	2016-17	2017-18
General Fund	5,396,200	6,072,800
Restricted Funds	47,577,600	45,547,000
TOTAL	52,973,800	51,619,800

(1) Debt Service: Included in the above General Fund appropriation is $151,000 in fiscal year 2016-2017 and $775,500 in fiscal year 2017-2018 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

5. COUNTY COSTS

	2016-17	2017-18
General Fund	15,897,000	15,897,000
Restricted Funds	1,702,500	1,702,500
TOTAL	17,599,500	17,599,500

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

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

6. COMMONWEALTH OFFICE OF TECHNOLOGY

	2016-17	2017-18
Restricted Funds	130,856,000	128,376,100
Federal Funds	1,262,800	1,262,800
TOTAL	132,118,800	129,638,900

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

7. REVENUE

	2016-17	2017-18
General Fund (Tobacco)	250,000	250,000
General Fund	90,164,700	90,756,400
Restricted Funds	12,533,000	12,660,600

Road Fund	3,078,000	3,097,800
TOTAL	106,025,700	106,764,800

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

8. PROPERTY VALUATION ADMINISTRATORS

	2016-17	**2017-18**
General Fund	46,644,700	47,600,200
Restricted Funds	4,690,000	4,690,000
TOTAL	51,334,700	52,290,200

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

TOTAL - FINANCE AND ADMINISTRATION CABINET

	2016-17	**2017-18**
General Fund (Tobacco)	27,235,300	26,917,700
General Fund	596,462,400	649,545,100
Restricted Funds	241,132,900	237,135,600
Federal Funds	1,262,800	1,262,800
Road Fund	3,523,100	3,545,900
TOTAL	869,616,500	918,407,100

G. HEALTH AND FAMILY SERVICES CABINET

Budget Units

1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

	2016-17	**2017-18**
General Fund	30,506,000	31,052,200
Restricted Funds	16,961,500	16,550,400

Federal Funds		42,460,600	42,710,300
TOTAL		89,928,100	90,312,900

(1) Debt Service: Included in the above General Fund appropriation is $101,500 in fiscal year 2016-2017 and $304,500 in fiscal year 2017-2018 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

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

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

(4) Reallocation of Appropriations Among Budget Units: The Secretary of the Cabinet for Health and Family Services shall operate the Cabinet within the appropriations for the Cabinet authorized in this Act. The Secretary may request a revision or reallocation among the departments and offices of the Cabinet[~~ up to ten percent~~] of the General Fund or Restricted Funds appropriations contained in Part I, Operating Budget, of this Act for fiscal years 2016-2017 and 2017-2018 for approval by the State Budget Director. No request shall relate to moneys in a fiduciary fund account. A request shall explain the need and use for the transfer authority under this subsection.

2. COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS

	2016-17	**2017-18**

General Fund	5,711,100	5,824,800
Restricted Funds	9,587,500	9,864,900
Federal Funds	4,566,100	4,566,100
TOTAL	19,864,700	20,255,800

3. MEDICAID SERVICES

a. Medicaid Administration

	2016-17	**2017-18**
General Fund	41,085,800	40,549,800
Restricted Funds	16,012,300	16,012,300
Federal Funds	155,521,100	156,843,800
TOTAL	212,619,200	213,405,900

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

(a) Establish a new program;

(b) Expand the services of an existing program; or

(c) Increase rates or payment levels in an existing program.

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

(2) Medicaid Service Category Expenditure Information: No Medicaid managed care contract shall be valid and no payment to a Medicaid managed care vendor by the Finance and Administration Cabinet or the Cabinet for Health and Family Services shall be made, unless the Medicaid managed care contract contains a provision that the

contractor shall collect Medicaid expenditure data by the categories of services paid for by the Medicaid Program. Actual statewide Medicaid expenditure data by all categories of Medicaid services including mandated and optional Medicaid services, special expenditures/offsets, and Disproportionate Share Hospital payments by type of hospital, shall be compiled by the Department for Medicaid Services for all Medicaid providers and forwarded to the Interim Joint Committee on Appropriations and Revenue on a quarterly basis. Projections of Medicaid expenditures by categories of Medicaid services shall be provided to the Interim Joint Committee on Appropriations and Revenue upon request.

(3) Eligibility and Enrollment System Operation and Maintenance: Included in the above appropriation is $5,610,700 in Restricted Funds and $11,527,200 in Federal Funds in each fiscal year for the Medicaid Eligibility and Enrollment System operations and maintenance.

b. Medicaid Benefits

	2015-16	2016-17	2017-18
General Fund	-0-	1,745,721,900	1,945,430,200
Restricted Funds	109,379,600	532,959,500	547,620,200
Federal Funds	-0-	8,299,738,200	8,586,627,900
TOTAL	109,379,600	10,578,419,600	11,079,678,300

(1) Medicaid and KCHIP Premiums and Cost-Sharing: Notwithstanding KRS 205.6312 and 205.6485(1)(c), the Department for Medicaid Services may utilize premiums and cost-sharing for services rendered to Medicaid and KCHIP recipients not to exceed amounts permitted by federal law or waivers. KCHIP premiums are suspended for the 2016-2018 biennium.

(2) Disproportionate Share Hospital (DSH) Program: Hospitals shall report indigent inpatient and outpatient care for which, under federal law, the hospital is eligible to receive disproportionate share payments. Disproportionate Share Hospital payments

shall equal the maximum amounts established by federal law. Notwithstanding KRS 205.640 and 205.641, the disproportionate share factor for hospitals in fiscal years 2016-2017 and 2017-2018 shall be the same disproportionate share factor for hospitals that was established as the final fiscal year 2013-2014 disproportionate share factor. The final fiscal year 2013-2014 disproportionate share factor shall account for all corrected data submitted by a hospital by June 30, 2014. If a hospital's corrected data submitted by June 30, 2014, was not included in the final disproportionate share factor used to make disproportionate share hospital payments in fiscal years 2014-2015 and 2015-2016, a one-time catch-up payment shall be made in fiscal year 2016-2017 by:

(a) Calculating the dollar difference between the hospital's total disproportionate share hospital payments received in fiscal years 2014-2015 and 2015-2016 and the amount the hospital would have received if the corrected data had been included; and

(b) Reducing the final indigent care factor for all remaining hospitals in fiscal year 2016-2017 by a uniform percentage to yield the amount of the catch-up payment.

In the interim, the hospitals shall work with the Cabinet for Health and Family Services to develop or select a method for determining the hospital share factor based upon the Centers for Medicare and Medicaid Services' revised rules for the Disproportionate Share Hospital Program and data from the federal Medicaid DSH Audit Survey. The hospitals and the Cabinet for Health and Family Services shall provide a report to the Interim Joint Committee on Health and Welfare on the proposed new method for determining the hospital share factor on a quarterly basis beginning with the first quarter of fiscal year 2016-2017; and shall finalize the development and selection of a method for determining the hospital share factor and submit a final report to the Interim Joint Committee on Health and Welfare by December 31, 2017.

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

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

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

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

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

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

(9) Critical Access Hospitals: Beginning with the effective date of this Act through June 30, 2018, no acute care hospital shall convert to a critical access hospital unless the hospital has either received funding for a feasibility study from the Kentucky State Office of Rural Health or filed a written request by January 1, 2016, with the Kentucky State Office of Rural Health requesting funding for conducting a feasibility study.

(10) Medicaid Managed Care Organization Reporting: Except as provided by KRS 61.878, all records and correspondence relating to Kentucky Medicaid, revenues

derived from Kentucky Medicaid funds, and expenditures utilizing Kentucky Medicaid funds of a Medicaid managed care company operating within the Commonwealth shall be subject to the Kentucky Open Records Act, KRS 61.870 to 61.884. All records and correspondence relating to Medicaid specifically prohibited from disclosure by the federal Health Insurance Portability and Accountability Act privacy rules shall not be provided under this Act.

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

(11) Appeals: An appeal from denial of a service or services provided by a Medicaid managed care organization for medical necessity, or denial, limitation, or termination of a health care service in a case involving a medical or surgical specialty or subspecialty, shall, upon request of the recipient, authorized person, or provider, include a review by a board-eligible or board-certified physician in the appropriate specialty or subspecialty area; except in the case of a health care service rendered by a chiropractor or optometrist, in which case, the denial shall be made respectively by a chiropractor or optometrist duly licensed in Kentucky as specified in KRS 304.17A-607(1)(b). The

physician reviewer shall not have participated in the initial review and denial of service and shall not be the provider of service or services under consideration in the appeal.

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

(a) Supports for Community Living - 41 additional slots in fiscal year 2016-2017 and 130 additional slots in fiscal year 2017-2018 for a total of 171 new slots added over the 2016-2018 fiscal biennium;

(b) Acquired Brain Injury - 8 additional long-term care slots in each fiscal year for a total of 16 new slots added over the 2016-2018 fiscal biennium; and

(c) Michelle P - 83 additional slots in fiscal year 2016-2017 and 166 additional slots in fiscal year 2017-2018 for a total of 249 new slots added over the 2016-2018 fiscal biennium.

(13) Medicaid Pharmacy: Notwithstanding KRS 205.6312(4), a pharmacy provider participating in the Medical Assistance Program or a pharmacy provider serving Kentucky Medicaid recipients through a Medicaid Managed Care Organization shall not be required to serve an eligible recipient if the recipient does not make the required copayment at the time of service. An exception to this provision shall be an encounter when a recipient presents a condition which could result in harm to the recipient if left untreated, in which case the pharmacist shall dispense a 72-hour emergency supply of the required medicine. The recipient may then return to the pharmacy with the necessary copayment to obtain the remainder of the prescription. Only one dispensing fee shall be paid by the Cabinet for the provision of both the emergency supply and the remainder of the prescription. The Medicaid Managed Care Organization shall determine its policies with respect to dispensing fees.

~~[(14) Evaluation of Indigent Care: The Cabinet for Health and Family Services shall conduct an annual study of the effect of the reduction in contributions to the Quality and Charity Care Trust on the delivery of indigent care in Jefferson County. The Cabinet for~~

~~Health and Family Services shall submit a report containing the results of this study to the Interim Joint Committee on Appropriations and Revenue by September 1 of each fiscal year. The report shall include but not be limited to the number of individuals served, demographic characteristics of the individuals served, the number of individuals served from Jefferson County and the surrounding counties including out-of-state locations, the health insurance status of the individuals served, the cost of the program, and the amount of financial support for the program provided by the Louisville Metro Government.]~~

(15) Adult Day Health Services Reimbursement Rates: Included in the above appropriation are the necessary funds to implement the reimbursement rates for adult day health services as prescribed in 907 KAR 7:015 effective July 1, 2016.

TOTAL - MEDICAID SERVICES

	2015-16	**2016-17**	**2017-18**
General Fund	-0-	1,786,807,700	1,985,980,000
Restricted Funds	109,379,600	548,971,800	563,632,500
Federal Funds	-0-	8,455,259,300	8,743,471,700
TOTAL	109,379,600	10,791,038,800	11,293,084,200

4. BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES

	2016-17	**2017-18**
General Fund (Tobacco)	891,400	891,400
General Fund	180,368,200	180,833,900
Restricted Funds	209,398,300	209,706,700
Federal Funds	40,215,900	40,232,000
TOTAL	430,873,800	431,664,000

(1) Disproportionate Share Hospital Funds: Mental health disproportionate share funds are budgeted at the maximum amounts permitted by Section 1923(f) of the Social Security Act. Upon publication in the Federal Register of the Annual Institutions

for Mental Disease (IMD) Disproportionate Share Hospital (DSH) limit, 92.3 percent of the federal IMD DSH limit goes to the state-operated mental hospitals.

(2) Lease Payments for Eastern State Hospital: Included in the above General Fund appropriation is $11,257,800 in each fiscal year to make lease payments to the Lexington-Fayette Urban County Government to retire its debt for the construction of the new facility.

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

(4) Debt Service: Included in the above General Fund appropriation is $19,500 in fiscal year 2016-2017 and $228,000 in fiscal year 2017-2018 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(5) Regional Mental Health/Mental Retardation Boards Retirement Cost Increase: Included in the above General Fund appropriation is a total of $24,825,700 in each fiscal year for Regional Mental Health/Mental Retardation Boards to assist them with employer contributions for the Kentucky Employees Retirement System. In July and January of each year the Department for Behavioral Health, Intellectual and Developmental Disabilities shall obtain the total creditable compensation reported by each Regional Mental Health/Mental Retardation Board to the Kentucky Retirement System and utilize that number to determine how much of this total appropriation shall be distributed to each Regional Mental Health/Mental Retardation Board. Payments to the Mental Health/Mental Retardation Boards shall be made on September 1 and April 1 of each fiscal year.

~~[(6) Arc of Kentucky: Included in the above General Fund appropriation is $200,000 in each fiscal year to support the operations of the Arc of Kentucky.]~~

5. PUBLIC HEALTH

	2016-17	**2017-18**

General Fund (Tobacco)	13,933,100	14,168,100
General Fund	73,703,400	74,548,200
Restricted Funds	85,262,900	85,680,900
Federal Funds	188,417,600	187,879,400
TOTAL	361,317,000	362,276,600

(1) Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is $9,000,000 in each fiscal year for the Health Access Nurturing Development Services Program, $1,000,000 in each fiscal year for Healthy Start initiatives, $80,000 in each fiscal year for the Folic Acid Program, $1,000,000 in each fiscal year for Early Childhood Mental Health, $500,000 in each fiscal year for Early Childhood Oral Health, and $2,353,100 in fiscal year 2016-2017 and $2,588,100 in fiscal year 2017-2018 for Smoking Cessation.

(2) Local and District Health Department Retirement Cost Increase: Included in the above General Fund appropriation is a total of $26,390,900 in fiscal year 2016-2017 and $27,087,600 in fiscal year 2017-2018 for Local and District Health Departments to assist them with employer contributions for the Kentucky Employees Retirement System. In July and January of each year the Department for Public Health shall obtain the total creditable compensation reported by each Local and District Health Department Board to the Kentucky Retirement System and utilize that number to determine how much of this total appropriation shall be distributed to each department. Payments to the Departments shall be made on September 1 and April 1 of each fiscal year.

(3) Local and District Health Department Payments: The Department for Public Health shall not interfere with the ability of a local or district health department to receive reimbursement for services provided. The Department for Public Health shall submit to the Department for Medicaid Services and the Medicaid Managed Care Organizations all requests for payment for services received from a local or district health department.

~~[(4) Kentucky Lung Cancer Education, Awareness, Detection, and Survivorship Collaborative (Kentucky LEADS): Included in the above General Fund appropriation is $10,000 in each fiscal year for the Kentucky LEADS Collaborative to support lung cancer care and control research.]~~

(5) Norton Kosair Children's Hospital Poison Control Center: Included in the above General Fund appropriation is $729,000 in each fiscal year to support the poison control center activities.

~~[(6) Kentucky Colon Cancer Screening Program: Included in the above General Fund appropriation is $500,000 in each fiscal year for the Kentucky Colon Cancer Screening Program. The Department for Public Health shall submit a report on the outcomes of the program including but not limited to the number of individuals screened, the demographic characteristics of the individuals screened, the health insurance status of the individuals screened, and the types of colon cancer screening tests performed under the program to the Interim Joint Committee on Health and Welfare by September 1 of each fiscal year.~~

~~(7) Breast and Cervical Cancer Screening Program: Included in the above General Fund appropriation is $1,000,000 in fiscal year 2017-2018 for the Kentucky Cancer Program to increase the number of women receiving breast and cervical cancer screenings. The Department for Public Health shall provide a report on the outcomes of the program including but not limited to the number of individuals screened, the demographic characteristics of the individuals screened, the health insurance status of the individuals screened, and the cost of the program to the Interim Joint Committee on Health and Welfare by September 1 of each fiscal year.]~~

6. HEALTH POLICY

	2016-17	**2017-18**
General Fund	437,400	441,500
Restricted Funds	818,600	818,600

Federal Funds	1,511,100	1,013,100
TOTAL	2,767,100	2,273,200

7. FAMILY RESOURCE CENTERS AND VOLUNTEER SERVICES

	2016-17	**2017-18**
General Fund	1,402,300	1,412,600
Federal Funds	4,869,100	4,869,100
TOTAL	6,271,400	6,281,700

8. INCOME SUPPORT

	2016-17	**2017-18**
General Fund	7,635,600	7,635,600
Restricted Funds	16,130,800	16,130,800
Federal Funds	83,226,700	84,968,900
TOTAL	106,993,100	108,735,300

9. COMMUNITY BASED SERVICES

	2015-16	**2016-17**	**2017-18**
General Fund (Tobacco)	2,046,600	6,668,400	8,894,700
General Fund	-0-	383,005,000	384,035,000
Restricted Funds	-0-	155,293,900	156,517,300
Federal Funds	-0-	514,443,900	519,023,000
TOTAL	2,046,600	1,059,411,200	1,068,470,000

(1) Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is $2,046,600 in fiscal year 2015-2016 for the Early Childhood Development Program. The $2,046,600 shall not be expended in fiscal year 2015-2016, and shall continue into fiscal year 2016-2017. Included in the above General Fund (Tobacco) appropriation is $6,668,400 in fiscal year 2016-2017 and $8,894,700 in fiscal year 2017-2018 for the Early Childhood Development Program.

(2) Contracted Entities Retirement Cost Increase: Included in the above

General Fund appropriation is $1,536,200 in fiscal year 2016-2017 and $1,598,800 in fiscal year 2017-2018 for domestic violence shelters, rape crisis centers, and child advocacy centers to fully fund the increase in employer contribution rates for the Kentucky Employees Retirement System. In the interim, the contracted entities shall evaluate the feasibility of continued participation in the Kentucky Employees Retirement System as provided in KRS 61.522.

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

(4) Domestic Violence Shelters: Included in the above General Fund appropriation is $250,000 in each fiscal year for operational costs.

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

~~[(6) Dually-licensed Pediatric Facilities: Included in the above General Fund appropriation is $550,000 in each fiscal year to provide supplemental payments to dually-licensed pediatric facilities for emergency shelter services for children.]~~

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

(8) Foster Home Rate Equity: Included in the above General Fund appropriation is $1,600,000 in each fiscal year to increase reimbursement rates for foster care family providers effective July 1, 2016.

(9) Family Dependent Exchange and Visitation Services: Included in the above General Fund appropriation is $50,000 in each fiscal year to continue family dependent exchange and visitation services primarily in Jefferson County and surrounding Kentucky counties.

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

(11) benefind Information Technology System Implementation: In order to comply with state and federal regulations and to deliver necessary services to eligible individuals, costs as may be necessary for the roll out, implementation, and operation of the benefind eligibility and enrollment system in fiscal years 2015-2016, 2016-2017, and 2017-2018 shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

10. AGING AND INDEPENDENT LIVING

	2016-17	**2017-18**
General Fund	42,583,200	42,716,800
Restricted Funds	3,184,400	3,184,400
Federal Funds	24,829,300	24,829,300
TOTAL	70,596,900	70,730,500

(1) Local Match Requirements: Notwithstanding KRS 205.460, entities contracting with the Cabinet for Health and Family Services to provide essential services under KRS 205.455 and 205.460 shall provide local match equal to or greater than the amount in effect during fiscal year 2015-2016. Local match may include any combination of materials, commodities, transportation, office space, personal services, or other types of facility services or funds. The Secretary of the Cabinet for Health and Family Services shall prescribe the procedures to certify the local match compliance.

(2) Home Health Services Presumptive Eligibility Pilot Program: Subject to the availability of funds, the Cabinet for Health and Family Services shall develop and implement a pilot program for the early assessment of a Medicaid applicant's functional and financial eligibility for home health services upon discharge from a hospital or

institutional setting as provided in KRS 205.528. The Department for Aging and Independent Living shall submit a report containing the results of the pilot program including but not limited to the number of participants, average time for a participant to transition from an institutional setting to a home or community setting, and the cost of the pilot program to the Interim Joint Committee on Health and Welfare by June 1 of each fiscal year.

11. HEALTH BENEFIT AND INFORMATION EXCHANGE

	2016-17	**2017-18**
Restricted Funds	20,370,100	8,186,800
Federal Funds	22,658,500	9,227,000
TOTAL	43,028,600	17,413,800

(1) Kentucky Access Fund: Notwithstanding KRS 304.17B-021, excess Restricted Funds in the amount of $23,800,000 in fiscal year 2015-2016 shall be transferred to the Department for Medicaid Services from the Kentucky Access Fund. Any excess Restricted Funds not needed for the operations, maintenance, or transition cost for the Health Benefit Exchange in fiscal year 2016-2017 and fiscal year 2017-2018 shall be transferred from the Kentucky Access Fund to the Department for Medicaid Services.

TOTAL - HEALTH AND FAMILY SERVICES CABINET

	2015-16	**2016-17**	**2017-18**
General Fund (Tobacco)	2,046,600	21,492,900	23,954,200
General Fund	-0-	2,512,159,900	2,714,480,600
Restricted Funds	109,379,600	1,065,979,800	1,070,273,300
Federal Funds	-0-	9,382,458,100	9,662,789,900
TOTAL	111,426,200	12,982,090,700	13,471,498,000

H. JUSTICE AND PUBLIC SAFETY CABINET

Budget Units

1. JUSTICE ADMINISTRATION

	2016-17	2017-18
General Fund (Tobacco)	1,609,100	1,769,800
General Fund	30,312,800	30,999,800
Restricted Funds	1,554,500	1,493,000
Federal Funds	21,172,100	21,178,700
TOTAL	54,648,500	55,441,300

(1) Operation Unite: Included in the above General Fund appropriation is $2,000,000 in each fiscal year from the Local Government Economic Development Fund for the Operation Unite program.

(2) Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is $1,609,100 in fiscal year 2016-2017 and $1,769,800 in fiscal year 2017-2018 for the Office of Drug Control Policy.

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

(4) Madisonville Medical Examiner's Office: Included in the above General Fund appropriation is $297,800 in each fiscal year for the operation of the Madisonville Medical Examiner's Office.~~[The Office shall not be relocated or closed during the 2016-2018 fiscal biennium.]~~ The Justice and Public Safety Cabinet shall conduct a study to determine the feasibility of relocating the Madisonville Medical Examiner's Office to another location in western Kentucky. The basis of the study shall include analyzing a more efficient location that increases the likelihood of obtaining the necessary workforce to eliminate the need for using personnel from other medical examiner offices. The study shall take into consideration the new location's ability to meet the demands of western

Kentucky without a reduction in services. The Cabinet shall finalize and report this study to the House and Senate Standing Committees on Appropriations and Revenue by January 15, 2017.

~~[(5) Public Safety First Programs: Included in the appropriations for the Justice and Public Safety Cabinet is $1,001,000 in each fiscal year for Public Safety First programs. Expenditure of these funds may be from a combination of any of the following appropriation units: Justice Administration, State Police, Corrections Management, Adult Correctional Institutions, and Community Services and Local Facilities.~~

~~(6) Access to Justice: Included in the above General Fund appropriation is $682,500 in each fiscal year to support the Access to Justice Program.]~~

(7) Court Appointed Special Advocate Funding: Included in the above General Fund appropriation is $1,500,000 in each fiscal year for grants to support Court Appointed Special Advocate Funding (CASA) programs.~~[The funds shall be distributed as follows:~~

~~(a) 80 percent of the funding provided shall be distributed to local CASA programs to expand services in existing programs and establish new programs in unserved counties. Existing programs shall provide a 20 percent match of non-grant funds. Newly formed programs shall provide a 10 percent match of non-grant funds;~~

~~(b) 10 percent of the funding provided shall be used to establish the grant application process; and~~

~~(c) 10 percent of the funding provided shall be provided to the Kentucky CASA Network to fulfill statutory duties as provided in KRS 620.500 to 620.550 and to assist the Office of the Attorney General with monitoring grant compliance.]~~

2. CRIMINAL JUSTICE TRAINING

	2015-16	**2016-17**	**2017-18**
Restricted Funds	-0-	72,721,600	69,149,600
Federal Funds	47,600	249,500	260,000

TOTAL	47,600	72,971,100	69,409,600

(1) Kentucky Law Enforcement Foundation Program Fund: Included in the above Restricted Funds appropriation is $68,278,500 in fiscal year 2016-2017 and $65,600,900 in fiscal year 2017-2018 for the Kentucky Law Enforcement Foundation Program Fund.

(2) Training Incentive Payments: Notwithstanding KRS 15.460(1), included in the above Restricted Funds appropriation is $4,000 in each fiscal year for each participant for training incentive payments.

(3) Training Incentive Stipends Expansion to Other Peace Officers: Notwithstanding KRS 15.410, 15.420(2), 15.460(1), and 15.470(2) and (4), included in the above Restricted Funds appropriation is sufficient funding for a $4,000 annual training incentive stipend and associated fringe benefit costs for Kentucky state troopers, Kentucky State Police arson investigators, Kentucky State Police hazardous device investigators, Kentucky State Police legislative security specialists, Kentucky vehicle enforcement officers, Horse Park mounted patrol officers, Parks rangers, Agriculture investigators, Charitable Gaming investigators, Alcoholic Beverage Control investigators, Insurance Fraud investigators, School Resource Officers, and Attorney General investigators from the Kentucky Law Enforcement Foundation Program Fund.

(4) Support for Statewide Law Enforcement Purposes: Notwithstanding KRS 15.470, included in the above Restricted Funds appropriation is $2,000,000 in fiscal year 2016-2017 and $2,350,000 in fiscal year 2017-2018 to be transferred to law enforcement capital projects for the State Police as set forth in Part II, Capital Projects Budget, of this Act. Notwithstanding KRS 15.470, included in the above Restricted Funds appropriation is $3,039,900 in fiscal year 2016-2017 and $3,039,800 in fiscal year 2017-2018 to be transferred to the State Police for law enforcement purposes.

3. JUVENILE JUSTICE

	2015-16	**2016-17**	**2017-18**

General Fund	-0-	85,770,200	86,488,700
Restricted Funds	1,795,100	13,559,400	13,651,000
Federal Funds	-0-	12,226,500	12,323,400
TOTAL	1,795,100	111,556,100	112,463,100

4. STATE POLICE

	2015-16	**2016-17**	**2017-18**
General Fund	-0-	95,577,600	99,030,600
Restricted Funds	4,500,000	28,458,800	28,668,600
Federal Funds	-0-	11,764,400	11,801,000
Road Fund	-0-	87,676,700	88,596,700
TOTAL	4,500,000	223,477,500	228,096,900

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

(2) State Police and Vehicle Enforcement Personnel Training Incentive: Included in the above Restricted Funds appropriation is sufficient funding for a $4,000 annual training incentive stipend for state troopers, arson investigators, hazardous devices investigators, legislative security specialists, and vehicle enforcement officers from the Kentucky Law Enforcement Foundation Program Fund.

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

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

(5) Commercial Vehicle Enforcement Candidacy Study: The Kentucky State Police shall conduct a study to determine an efficient and direct method by which Commercial Vehicle Enforcement Officers may be commissioned as Kentucky state troopers who are recognized by all state government entities as having the same status held by any present and future State Police troopers. This study shall be accessible to all Commercial Vehicle Enforcement Officers and shall be made known to all present and future Commercial Vehicle Enforcement Officers. This study shall be submitted to the House and Senate Standing Committees on Judiciary by January 15, 2017.

5. CORRECTIONS

a. Corrections Management

	2016-17	2017-18
General Fund	9,335,300	9,404,900
Restricted Funds	300,000	300,000
Federal Funds	75,000	75,000
TOTAL	9,710,300	9,779,900

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

necessity of the adjustments to the Interim Joint Committee on Appropriations and Revenue.

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

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

(3) Local Correctional Facilities, Reimbursement of Design Fees for Architectural and Engineering Services: In accordance with the provisions of KRS 441.420(3), the Department of Corrections shall pay unreimbursed fees and costs for architectural plans and engineering services associated with any new local correctional facility that was approved by the Local Correctional Facilities Construction Authority on or before January 1, 2016. A jurisdiction shall certify to the Department the amount of such fees and costs for which reimbursement is sought, and the amounts requested shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705). Notwithstanding KRS 441.420, no county jail construction projects approved by the Local Correctional Facilities Construction Authority after January 1, 2016, shall

qualify for reimbursement from the Department of Corrections.

b. Adult Correctional Institutions

	2015-16	2016-17	2017-18
General Fund	15,800,000	270,456,700	271,096,300
Restricted Funds	-0-	17,454,400	17,459,700
Federal Funds	-0-	521,500	521,500
TOTAL	15,800,000	288,432,600	289,077,500

(1) Debt Service: Included in the above General Fund appropriation is $252,500 in fiscal year 2016-2017 and $926,500 in fiscal year 2017-2018 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) Transfer to State Institutions: Notwithstanding KRS 532.100(7), state prisoners, excluding the Class C and Class D felons qualifying to serve time in county jails, may be transferred to a state institution within 90 days of final sentencing, if the county jail does not object to the additional 45 days.

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

c. Community Services and Local Facilities

	2016-17	2017-18
General Fund	202,325,300	205,363,200
Restricted Funds	6,200,000	3,000,000
Federal Funds	695,500	695,500
TOTAL	209,220,800	209,058,700

(1) Excess Local Jail Per Diem Costs: In the event that actual local jail per diem payments exceed the amounts provided to support the budgeted average daily population

of state felons in county jails for each fiscal year, the payments shall be deemed necessary government expenses and may be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705), subject to notification as to necessity and amount by the State Budget Director who shall report any certified expenditure to the Interim Joint Committee on Appropriations and Revenue.

(2) Local Jails Funding: Notwithstanding KRS 441.605 to 441.695, funds in the amount of $5,333,200 in fiscal year 2016-2017 and $2,000,000 in fiscal year 2017-2018 shall be expended from the Kentucky Local Correctional Facilities Construction Authority for local correctional facility and operational support.

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

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

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

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

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

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

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

~~(d) Unless a new offense is committed that results in a new conviction subsequent~~

~~to a prisoner being paroled, paroled prisoners shall not be considered to be under the custody of the state in any way.~~

~~(e) Prisoners paroled under this subsection shall be paroled to a licensed long-term care facility in the Commonwealth.~~

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

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

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

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

(4) Participation in Transparent Governing - Full Disclosure of Inmate Population Forecasts and Related Materials: The Office of State Budget Director shall provide the methodology, assumptions, data, and all other related materials used to

project biennial offender population forecasts conducted by the Office of State Budget Director, the Kentucky Department of Corrections, and any consulting firms, to the Interim Joint Committee on Appropriations and Revenue by November 1, 2017. This submission shall include but not be limited to the projected state, county, and community offender populations for the 2018-2020 fiscal biennium and must coincide with the budgeted amount for these populations. This submission shall clearly divulge the methodology and reasoning behind the budgeted and projected offender population in a commitment to participate in transparent governing.

(5) Participation in Transparent Governing - Calculating Avoided Costs Relating to Legislative Action: The Office of State Budget Director shall provide the methodology, assumptions, data, and all other related materials used to calculate any avoided costs pursuant to the implementation of 2011 Ky. Acts ch. 2 by November 1, 2017. This submission shall clearly divulge the methodology and reasoning behind the projected costs avoided in a commitment to participate in transparent governing.

~~[(6) Management of the State Inmate Population: Pursuant to KRS 197.505(1), if upon review the Secretary of the Justice and Public Safety Cabinet finds that there is overpopulation of state inmates in county jails, and that overpopulation exposes the Commonwealth to litigation as a result, the Justice and Public Safety Cabinet may increase the number of beds available by recommissioning privately operated correctional facilities located in Wheelwright, St. Mary's, and Beattyville, which are currently being maintained and are on standby for use. The number of inmates transitioned to state privately operated facilities may be phased in over the 2016-2018 fiscal biennium. The Cabinet shall provide a written report to the Interim Joint Committee on Appropriations and Revenue by the end of each fiscal quarter that details the number of inmates transitioned to state privately operated facilities. In the event that any contractual payments exceed the amounts that would be provided to support state felons in county jails for each fiscal year, the payments shall be deemed a necessary government expense~~

~~and may be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705). The Commonwealth shall hold these privately operated facilities to the highest ethical standards, and any instances of abuse shall be reported to the Secretary of the Justice and Public Safety Cabinet.]~~

d. Local Jail Support

	2016-17	**2017-18**
General Fund	16,712,300	16,712,300

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

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

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

(2) Local Corrections Assistance Funds: Notwithstanding KRS 196.288(5)(a), included in the above General Fund appropriation is $4,917,600 in each fiscal year for the Local Corrections Assistance Fund.

(3) Life Safety or Closed Jails: Included in the above General Fund appropriation is $873,600 in each fiscal year to provide a monthly payment of an annual amount of $20,000 to each county with a life safety jail or closed jail. The payment shall be in addition to the payment required by KRS 441.206(2).

(4) Inmate Medical Care Expenses: Included in the above General Fund appropriation is $847,200 in each fiscal year for medical care contracts to be distributed, upon approval of the Department of Corrections, to counties by the formula codified in KRS 441.206, and $873,600 in each fiscal year, on a partial reimbursement basis, for medical claims in excess of the statutory threshold pursuant to KRS 441.045. The funding support for medical contracts and catastrophic medical expenses for indigents shall be maintained in discrete accounts. Any medical claim that exceeds the statutory threshold may be reimbursed for that amount in excess of the statutory threshold.

TOTAL - CORRECTIONS

	2015-16	2016-17	2017-18
General Fund	15,800,000	498,829,600	502,576,700
Restricted Funds	-0-	23,954,400	20,759,700
Federal Funds	-0-	1,292,000	1,292,000
TOTAL	15,800,000	524,076,000	524,628,400

6. PUBLIC ADVOCACY

	2015-16	2016-17	2017-18
General Fund	377,500	49,987,800	50,399,300
Restricted Funds	-0-	2,855,200	2,716,100
Federal Funds	937,100	2,004,800	1,962,900
TOTAL	1,314,600	54,847,800	55,078,300

(1) Compensatory Leave Conversion to Sick Leave: If the Department for Public Advocacy determines that internal budgetary pressures warrant further austerity measures, the Public Advocate may institute a policy to suspend payment of 50-hour blocks of compensatory time for those attorneys who have accumulated 240 hours of compensatory time and instead convert those hours to sick leave.

TOTAL - JUSTICE AND PUBLIC SAFETY CABINET

	2015-16	2016-17	2017-18

	General Fund (Tobacco)	-0-	1,609,100	1,769,800
	General Fund	16,177,500	760,478,000	769,495,100
	Restricted Funds	6,295,100	143,103,900	136,438,000
	Federal Funds	984,700	48,709,300	48,818,000
	Road Fund	-0-	87,676,700	88,596,700
	TOTAL	23,457,300	1,041,577,000	1,045,117,600

I. LABOR CABINET

Budget Units

1. SECRETARY

	2016-17	**2017-18**
Restricted Funds	4,596,900	4,640,700
Federal Funds	139,800	139,800
TOTAL	4,736,700	4,780,500

2. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

	2016-17	**2017-18**
General Fund	3,193,600	3,219,000
Restricted Funds	3,106,100	3,111,000
Federal Funds	73,400	73,400
TOTAL	6,373,100	6,403,400

3. WORKPLACE STANDARDS

	2016-17	**2017-18**
General Fund	2,007,400	2,025,300
Restricted Funds	81,774,200	83,865,900
Federal Funds	3,436,300	3,436,300
TOTAL	87,217,900	89,327,500

(1) Apprenticeship Program: Included in the above General Fund appropriation is an additional $250,000 in each fiscal year for the Apprenticeship Program.

4. WORKERS' CLAIMS

	2016-17	2017-18
Restricted Funds	18,876,000	19,040,800

5. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

	2016-17	2017-18
Restricted Funds	806,500	813,100

6. WORKERS' COMPENSATION FUNDING COMMISSION

	2016-17	2017-18
Restricted Funds	115,325,100	117,379,800

TOTAL - LABOR CABINET

	2016-17	2017-18
General Fund	5,201,000	5,244,300
Restricted Funds	224,484,800	228,851,300
Federal Funds	3,649,500	3,649,500
TOTAL	233,335,300	237,745,100

J. PERSONNEL CABINET

Budget Units

1. GENERAL OPERATIONS

	2016-17	2017-18
Restricted Funds	29,586,000	30,320,800

(1) Pro Rata Assessment: Included in the above Restricted Funds appropriation is $2,692,600 in each fiscal year are funds to be transferred to the General Fund to support debt service on bonds previously issued for the Kentucky Human Resources Information System.

~~[(2) Kentucky Employees' Health Plan and Medicaid State Plan Cost Savings Demonstration Projects: The Personnel Cabinet and the Cabinet for Health and Family Services shall implement the Kentucky Employees' Health Plan Program and Kentucky~~

~~Medicaid State Plan Program cost-savings projects centered on process improvement and patient empowerment with door-to-door engagement via use of interactive technology to capture the potential for improved medical outcomes at reduced cost. The demonstration projects shall include established patients who have, within 24 months of the telehealth services, visited established providers and maintained a clinical relationship with a qualified health professional licensed in Kentucky through an in-office and in-person evaluation, including a medical history and a physical examination. These cost-reduction projects shall not increase premiums nor reduce benefits.~~

~~The Personnel Cabinet and the Cabinet for Health and Family Services are authorized to expend up to $400,000 from the State Group Health Trust and State Medicaid Administration appropriation to support two demonstration projects for both areas. The initial capital outlay may be recouped from cost savings to the State Group Health Trust and State Medicaid Administration Program. The demonstration projects shall be a proof of concept to confirm the ability to capture an annualized savings of up to ten percent in the Kentucky Employees' Health Plan Program and an annualized savings of up to five percent in the Kentucky Medicaid State Plan Program starting from January 1, 2017.~~

~~The Personnel Cabinet and the Cabinet for Health and Family Services shall enter into an agreement with one or both of the university teaching hospitals in the Commonwealth to leverage the substantial return on investment of the demonstration projects. The demonstration projects shall be implemented as provided in this Act pursuant to the contracts utilized for the purpose of administering the Kentucky Employees' Health Plan Program and the Kentucky Medicaid State Plan Program. For purposes of the demonstration projects, the participating contractor to be given the first option from the Kentucky Medicaid State Plan Program shall be one that services the largest contingent of recipients in the program and one that services a rural area that has an underserved population that has already demonstrated concept of cost savings through~~

~~interactive technology.~~

~~The demonstration projects shall be awarded no later than December 1, 2016, and shall be based on a competitive bid via a formal Request for Information (RFI) process. The demonstration projects should be completed and a report regarding the proof of concept shall be submitted to the Program Review and Investigations Committee, the Personnel Cabinet, and the Cabinet for Health and Family Services by December 1, 2017.~~

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

2. PUBLIC EMPLOYEES DEFERRED COMPENSATION AUTHORITY

	2016-17	**2017-18**
Restricted Funds	9,315,500	9,340,700

3. WORKERS' COMPENSATION BENEFITS AND RESERVE

	2016-17	**2017-18**
Restricted Funds	25,280,300	26,328,600

4. STATE GROUP HEALTH INSURANCE FUND

	2016-17	**2017-18**
General Fund	873,200	873,200

(1) **Group Health Insurance:** The above General Fund appropriation is provided to support a dependent subsidy for full-time employees of quasi-governmental employers, excluding state agencies, participating in the State Group Health Insurance program. To

participate in this fund, each quasi-governmental employer shall certify to the Secretary of the Personnel Cabinet that no funds received from the pool are being utilized to fund any benefits for persons other than full-time employees.

TOTAL - PERSONNEL CABINET

	2016-17	2017-18
General Fund	873,200	873,200
Restricted Funds	64,181,800	65,990,100
TOTAL	65,055,000	66,863,300

K. POSTSECONDARY EDUCATION

Budget Units

1. COUNCIL ON POSTSECONDARY EDUCATION

	2016-17	2017-18
General Fund (Tobacco)	4,706,100	5,176,100
General Fund	41,226,200	41,268,000
Restricted Funds	5,041,000	5,045,100
Federal Funds	18,102,500	18,102,500
TOTAL	69,075,800	69,591,700

(1) Carry Forward of General Fund Appropriation Balance: Notwithstanding KRS 45.229, the General Fund appropriation in fiscal year 2015-2016 and fiscal year 2016-2017 to the Adult Education and Literacy Funding Program shall not lapse and shall carry forward.

Notwithstanding KRS 45.229, the General Fund appropriation in fiscal year 2015-2016 and fiscal year 2016-2017 to the Science and Technology Funding Program shall not lapse and shall carry forward.

(2) Interest Earnings Transfer from the Strategic Investment and Incentive Trust Fund Accounts: Notwithstanding KRS 164.7911, 164.7913, 164.7915, 164.7917, 164.7919, 164.7921, 164.7923, 164.7925, and 164.7927, any expenditures from the

Strategic Investment and Incentive Trust Fund accounts in excess of appropriated amounts by the Council on Postsecondary Education shall be subject to KRS 48.630.

(3) Lung Cancer Research Fund: Included in the above General Fund (Tobacco) appropriation is $4,706,100 in fiscal year 2016-2017 and $5,176,100 in fiscal year 2017-2018 for the Lung Cancer Research Fund.

(4) Ovarian Cancer: Notwithstanding KRS 164.476(1), General Fund (Tobacco) moneys in the amount of $800,000 in each fiscal year shall be allotted from the Lung Cancer Research Fund to the Ovarian Cancer Screening Outreach Program at the University of Kentucky.

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

(6) Adult Education: Included in the above General Fund appropriation are funds in each fiscal year for the Kentucky Adult Education Funding Program.

(7) Contract Spaces: Included in the above General Fund appropriation is $5,680,100 in each fiscal year for the Contract Spaces Program.

~~[(8) Veterinary Medicine: If General Fund appropriations are not sufficient to fully fund 164 veterinary slots, the Council on Postsecondary Education shall fully fund the 164 slots out of the Council's base budget.]~~

(9) Optometry Slots:~~[If General Fund appropriations are not sufficient to fully fund 44 optometry slots, the Council on Postsecondary Education shall fully fund the 44~~

~~slots out of the Council's base budget.~~] Existing contract spaces awarded to students who entered a college of optometry in the 2015-2016 academic year or prior academic years shall be honored and renewed. For the 2016-2017 academic year, students that have been offered slots at colleges with existing contracts shall be permitted to attend that college. The Council on Postsecondary Education may contract the remaining slots for the 2016-2017 school year with the Kentucky College of Optometry for the same supplement available through the Southern Regional Education Board. By December 1, 2016, the Council, in conjunction with the Kentucky College of Optometry, shall develop and submit to the Legislative Research Commission, for distribution to the Interim Joint Committee on Education and the Interim Joint Committee on Appropriations and Revenue, a recommendation concerning future funding of optometry slots for Kentucky students.

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

2. KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

	2015-16	**2016-17**	**2017-18**
General Fund (Tobacco)	-0-	1,100,000	1,100,000
General Fund	1,400,000	240,244,000	245,244,000
Restricted Funds	754,500	32,328,200	34,151,700
Federal Funds	-0-	33,800	33,800
TOTAL	2,154,500	273,706,000	280,529,500

(1) College Access Program: Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is $66,691,700 in fiscal year 2016-2017 and $61,888,800 in fiscal year 2017-2018 for the College Access Program.

(2) Kentucky Tuition Grant Program: Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is $36,283,800 in fiscal year 2016-

2017 and $33,697,600 in fiscal year 2017-2018 for the Kentucky Tuition Grant Program.

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

(4) Kentucky National Guard Tuition Award Program: Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is $1,400,000 in fiscal year 2015-2016 and $7,398,100 in each fiscal year of the 2016-2018 fiscal biennium for the National Guard Tuition Award Program. If the appropriated amounts are not sufficient to fully fund the program based on demand, then any excess costs shall be deemed necessary government expenses and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

(5) Kentucky Educational Excellence Scholarships (KEES): Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is $105,320,100 in fiscal year 2016-2017 and $106,149,200 in fiscal year 2017-2018 for the Kentucky Educational Excellence Scholarships (KEES). Included in the above Restricted Funds appropriation is $9,338,200 in fiscal year 2016-2017 and $11,123,100 in fiscal year 2017-2018 for KEES.

(6) Early Childhood Scholarships: Included in the above General Fund (Tobacco) appropriation is $1,100,000 in each fiscal year for Early Childhood Scholarships.

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

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

amounts, all excess funds shall be transferred to the KEES Reserve Trust Fund.

(9) Contingent Appropriation of Excess Lottery Revenues: Based on the official estimates of the Consensus Forecasting Group, lottery receipts are estimated to be $232,000,000 in fiscal year 2015-2016, $236,000,000 in fiscal year 2016-2017, and $241,000,000 in fiscal year 2017-2018. If lottery receipts received by the Commonwealth, excluding any unclaimed lottery prize money received under Part III, Section 22. of this Act, exceed the official estimate in any fiscal year,~~[the first $5,000,000 in unanticipated lottery receipts during the 2016-2018 fiscal biennium shall be transferred to the General Fund, and]~~ any unanticipated lottery receipts~~[above $5,000,000]~~ during the 2016-2018 fiscal biennium shall be transferred to the Kentucky Higher Education Assistance Authority and appropriated in accordance with KRS 154A.130(4)(b).

(10) Work Ready Kentucky Scholarship Program: Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is~~[$9,400,000 in fiscal year 2016-2017 and]~~ $15,900,000 in fiscal year 2017-2018 for the Work Ready Kentucky Scholarship Program.

(11) Kentucky Coal County College Completion Scholarships: Notwithstanding KRS 154A.130(4), 42.4582, and 42.4585, included in the above General Fund appropriation is $7,000,000 in each fiscal year for the Kentucky Coal County College Completion Scholarships.

(12) Pharmacy Scholarship Program: The transfer of moneys from the General Fund to the Local Government Economic Development Fund shall be made after the transfer to the Coal County Pharmacy Scholarship Program has been made pursuant to KRS 164.7890(11) in the amount of $540,000 in fiscal year 2016-2017 and $580,000 in fiscal year 2017-2018 within the Kentucky Higher Education Assistance Authority.

(13) Osteopathic Medicine Scholarship Program: The transfer of moneys from the General Fund to the Local Government Economic Development Fund shall be made after the transfer to the Osteopathic Medicine Scholarship Program has been made

pursuant to KRS 164.7891(11) and (12) in the amount of $306,000 in fiscal year 2016-2017 and $326,000 in fiscal year 2017-2018 within the Kentucky Higher Education Assistance Authority.

(14) Dual Credit Scholarships: Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is $5,000,000 in fiscal year 2016-2017 and $10,000,000 in fiscal year 2017-2018 for dual credit scholarships.

3. EASTERN KENTUCKY UNIVERSITY

	2016-17	**2017-18**
General Fund	64,972,300	61,723,700
Restricted Funds	201,038,500	207,018,900
Federal Funds	104,484,500	105,529,100
TOTAL	370,495,300	374,271,700

~~[(1) Community Operations Board: The Community Operations Board was established in 2006 by the Kentucky General Assembly pursuant to House Bill 380 to create a collaboration between Eastern Kentucky University, Madison County, and the cities of Richmond and Berea, and the General Assembly has renewed the funding and authority of the Community Operations Board in each biennial budget thereafter. Included in the above General Fund appropriation is $200,000 in each fiscal year to provide funds to the Community Operations Board for personnel and programmatic operations of the meeting, community areas, and the performing arts center located in the Business/Technology Center, Phase II facilities. The Business/Technology Center, Phase II facilities shall be governed by the Community Operations Board. Members of the Board shall serve without compensation and shall not be reimbursed for expenses incurred in performance of their duties. The Board shall establish policies and procedures for Board operation and for facility use. The Board shall make all decisions regarding use of the Business/Technology Center, Phase II facilities, including the meeting, community areas, and the performing arts center and shall make all decisions regarding personnel and~~

~~programmatic operations of the meeting, community areas, and the performing arts center. The Board is attached to Eastern Kentucky University for administrative purposes, and the University shall provide all facility maintenance and operations costs.]~~

4. KENTUCKY STATE UNIVERSITY

	2016-17	2017-18
General Fund	26,729,600	26,729,600
Restricted Funds	18,220,000	19,220,000
Federal Funds	19,000,000	19,000,000
TOTAL	63,949,600	64,949,600

(1) Land Grant Match: Included in the above General Fund appropriation is $3,300,000 in each fiscal year to fully fund the state match payments required of land-grant universities under federal law.

(2) Performance Plan: Kentucky State University shall be required to prepare a four-year management and improvement plan with annual goals and measurable metrics to meet those goals. The management and improvement plan and all goals shall include performance standards established in consultation with the Council on Postsecondary Education, and shall be subject to the approval of the Council. Kentucky State University shall prepare and submit an annual report to the Interim Joint Committee on Appropriations and Revenue detailing progress and implementation of the plan, to be submitted by December 1, 2016, and each December 1 thereafter.

5. MOREHEAD STATE UNIVERSITY

	2016-17	2017-18
General Fund	41,969,200	39,899,700
Restricted Funds	120,719,600	125,861,500
Federal Funds	102,084,900	103,930,500
TOTAL	264,773,700	269,691,700

(1) Conveyance of Property: Notwithstanding KRS 45.777 and 164A.575(7),

Morehead State University may convey to the Morgan County Board of Education fee simple title to certain of its real property and improvements located in Morgan County. With the transition to online course delivery, the property has become surplus to Morehead State University. The conveyance shall be completed at a price that is acceptable to both parties. Morehead State University is specifically authorized to purchase from the Rowan County Board of Education real property and improvements located adjacent to the Morehead campus which has become surplus to the Board of Education. The proceeds from the conveyance of the Morgan County real property may be retained by Morehead State University and shall be used to purchase the Rowan County Board of Education property.

(2) Craft Academy: Included in the above General Fund appropriation is $2,880,000 in each fiscal year for the Craft Academy for Excellence in Science and Mathematics.

6. MURRAY STATE UNIVERSITY

	2016-17	**2017-18**
General Fund	45,864,000	43,570,800
Restricted Funds	129,754,600	135,149,500
Federal Funds	18,692,100	18,692,100
TOTAL	194,310,700	197,412,400

(1) Breathitt Veterinary Center: Included in the above General Fund appropriation is $366,900 in each fiscal year for the Breathitt Veterinary Center at Murray State University.

7. NORTHERN KENTUCKY UNIVERSITY

	2016-17	**2017-18**
General Fund	46,353,400	48,875,200
Restricted Funds	177,415,800	180,924,700
Federal Funds	16,849,400	16,849,400

TOTAL	240,618,600	246,649,300

(1) Conveyance of Property: Notwithstanding KRS 45.777 and 164A.575(7), Northern Kentucky University may dispose of real property and improvements~~[located in Covington, Kentucky]~~ that will become surplus to its needs and retain the proceeds from any sale~~[to be used in Covington, Kentucky]~~.

8. UNIVERSITY OF KENTUCKY

	2016-17	2017-18
General Fund	267,028,800	253,677,400
Restricted Funds	3,133,535,600	3,439,190,500
Federal Funds	241,824,500	255,681,300
TOTAL	3,642,388,900	3,948,549,200

(1) Mining Engineering Scholarship Program: Notwithstanding KRS 42.4582 and 42.4585, the quarterly calculation and transfer of the funds shall be made only after each quarterly installment of the annual appropriation of $300,000 in each fiscal year to the University of Kentucky budget unit for the Mining Engineering Scholarship Program.

(2) Robinson Scholars Program: Notwithstanding KRS 42.4582 and 42.4585, the quarterly calculation and transfer of the funds shall be made only after each quarterly installment of the annual appropriation of $1,000,000 in each fiscal year to the University of Kentucky budget unit for the Robinson Scholars Program.

(3) University of Kentucky Diagnostic Laboratories: Included in the above General Fund appropriation is $366,900 in each fiscal year for the diagnostic laboratories at the University of Kentucky.

9. UNIVERSITY OF LOUISVILLE

	2016-17	2017-18
General Fund	132,818,400	126,177,500
Restricted Funds	1,002,343,000	1,030,921,100
Federal Funds	113,548,100	114,333,600

TOTAL		1,248,709,500	1,271,432,200

~~[(1) Evaluation of Indigent Care: The Cabinet for Health and Family Services shall conduct an annual study of the effect of the reduction in contributions to the Quality and Charity Care Trust on the delivery of indigent care in Jefferson County. The Cabinet for Health and Family Services shall submit a report containing the results of this study to the Interim Joint Committee on Appropriations and Revenue by September 1 of each fiscal year. The report shall include but not be limited to the number of individuals served, demographic characteristics of the individuals served, the number of individuals served from Jefferson County and the surrounding counties including out-of-state locations, the health insurance status of the individuals served, the cost of the program, and the amount of financial support for the program provided by the Louisville Metro Government.~~

~~(2) Quality and Charity Care Trust Fund: The University of Louisville shall submit written documentation to the Secretary of the Finance and Administration Cabinet demonstrating financial need for reimbursement related to providing hospital care services to indigent and medically needy patients through the Quality and Charity Care Trust. Upon certification of such need by the Secretary of the Finance and Administration Cabinet, reimbursement not to exceed $2,500,000 in fiscal year 2016-2017 and $5,000,000 in fiscal year 2017-2018 shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures in this Act. The Louisville Metro Government shall contribute $2,500,000 in fiscal year 2016-2017 and $5,000,000 in fiscal year 2017-2018 to the Quality and Charity Care Trust. Funds contributed by Louisville Metro Government shall be expended before drawing down any state funds as a necessary government expense.]~~

(3) Risperdal Settlement Funds: Included in the above Restricted Funds appropriation is $1,000,000 in each fiscal year for genomics research in conjunction with Medicaid.

10. WESTERN KENTUCKY UNIVERSITY

	2016-17	2017-18
General Fund	72,040,200	70,823,600
Restricted Funds	288,960,600	294,816,600
Federal Funds	38,811,000	38,811,000
TOTAL	399,811,800	404,451,200

(1) Kentucky Mesonet: Included in the above General Fund appropriation is $750,000 in each fiscal year for the Kentucky Mesonet.

11. KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM

	2016-17	2017-18
General Fund	181,605,000	172,524,700
Restricted Funds	468,816,400	486,161,000
Federal Funds	257,392,000	270,270,700
TOTAL	907,813,400	928,956,400

(1) Firefighters Foundation Program Fund: Included in the above Restricted Funds appropriation is $47,300,300 in fiscal year 2016-2017 and $46,358,100 in fiscal year 2017-2018 for the Firefighters Foundation Program Fund. Notwithstanding KRS 95A.250(1), supplemental payments for each qualified professional firefighter under the Firefighters Foundation Program Fund shall be $4,000 in each fiscal year. Notwithstanding KRS 95A.262(2), the aid payment for each qualified volunteer fire department shall be $11,000 in each fiscal year. Notwithstanding KRS 95A.200 to 95A.300, $1,500,000 in fiscal year 2016-2017 shall be transferred to support a project as set forth in Part II, Capital Projects Budget, of this Act.

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

(3) Conveyance of Property for Individual Locations: Notwithstanding KRS

45.777 and 164A.575(7), the sixteen colleges of the Kentucky Community and Technical College System may dispose of real property and improvements that have become surplus to the colleges' needs and retain the proceeds from any sale at that individual college location.

(4) Equity for Legacy Employees: It is the intent of the 2016 General Assembly that employees of the Kentucky Community and Technical College System (KCTCS) who are in the University of Kentucky personnel system shall be treated the same, with respect to compensation plans and salary increases implemented by KCTCS, as all other employees of KCTCS. Specifically, KCTCS shall not utilize the practice of providing lower salary increases to KCTCS employees who are in the University of Kentucky personnel system in order to offset money paid to the University of Kentucky for the cost of providing health insurance to these employees.

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

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

(6) BuildSmart: Notwithstanding KRS 164.020(8), the Kentucky Community and Technical College System (KCTCS) may assess a mandatory student fee not to exceed eight dollars per credit hour to be used exclusively for debt service on amounts not to exceed 75 percent of the total projects cost of KCTCS agency bond projects included in 2014 Ky. Acts ch. 117, Part II, J., 11.. The mandatory student fee shall only be used for debt service on agency bond projects. Any fee established pursuant to this

section shall cease to be assessed upon the retirement of the project bonds for which it serviced debt. Prior to the issuance of any bonds, KCTCS shall certify in writing to the Secretary of the Finance and Administration Cabinet that sufficient funds have been raised to meet the local match equivalent to 25 percent of the total project cost.

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

(8) Conveyance of Property: (a) Notwithstanding KRS 45.777 and 164A.575(7), the Kentucky Community and Technical College System and its colleges may dispose of real property and improvements that have become surplus to its needs and retain the proceeds from any sale.

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

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

(d) Notwithstanding KRS 45.777 and 164A.575(7), the Kentucky Community

and Technical College System may dispose of certain real property and improvements located in Ashland, Kentucky at the Roberts Drive Campus. Ashland Community and Technical College shall use all the proceeds from the disposition of the real property to support a capital project for Ashland Community and Technical College.

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

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

12. POSTSECONDARY EDUCATION PERFORMANCE FUND

	2016-17	**2017-18**
General Fund	-0-	42,944,400

(1) Postsecondary Education Performance Fund: Included in the above General Fund appropriation is $42,944,400 in fiscal year 2017-2018 for the Postsecondary Education Performance Fund. This amount shall represent five percent of the fiscal year 2017-2018 General Fund appropriation of the affected postsecondary institutions, which shall be derived through a reduction to the fourth quarter allotments of those institutions. Funds shall be distributed to postsecondary institutions, excluding Kentucky State University, based on achievement of performance goals and metrics enacted by the General Assembly as recommended by the Postsecondary Education Working Group.

(2) Postsecondary Education Working Group: Having determined that there is

a need for the development of a comprehensive funding model that aligns the Commonwealth's investments in postsecondary education with the Commonwealth's postsecondary education policy goals and objectives, the Kentucky Council on Postsecondary Education is hereby directed to establish a working group composed of the following:

(a) The President of the Council;

(b) The President, or his or her representative, of each public postsecondary institution, including the President of the Kentucky Community and Technical College System;

(c) The Governor or his representative;

(d) The Speaker of the House or his representative; and

(e) The President of the Senate or his representative.

The working group shall be established for the purpose of developing a comprehensive funding model for the allocation of state General Fund appropriations for institutional operations.

The funding model shall incorporate elements of campus performance, mission, and enrollment, as well as any other components as determined through the process. The model shall include metrics that align with the goals of the Postsecondary Education Improvement Act of 1997 with appropriate differentiation that reflects the missions of the Commonwealth's research universities, comprehensive regional universities, and community and technical colleges.

The working group shall complete its work and provide to the Governor and the Interim Joint Committee on Education a report setting forth its recommendations no later than December 1, 2016.

TOTAL - POSTSECONDARY EDUCATION

	2015-16	**2016-17**	**2017-18**
General Fund (Tobacco)	-0-	5,806,100	6,276,100

General Fund	1,400,000	1,160,851,100	1,173,458,600
Restricted Funds	754,500	5,578,173,300	5,958,460,600
Federal Funds	-0-	930,822,800	961,234,000
TOTAL	2,154,500	7,675,653,300	8,099,429,300

L. PUBLIC PROTECTION CABINET

Budget Units

1. SECRETARY

	2016-17	**2017-18**
General Fund	276,400	279,700
Restricted Funds	6,297,700	6,346,000
TOTAL	6,574,100	6,625,700

2. BOXING AND WRESTLING AUTHORITY

	2016-17	**2017-18**
Restricted Funds	161,300	161,800

3. ALCOHOLIC BEVERAGE CONTROL

	2016-17	**2017-18**
General Fund	587,100	591,700
Restricted Funds	7,146,300	7,154,700
TOTAL	7,733,400	7,746,400

4. CHARITABLE GAMING

	2016-17	**2017-18**
Restricted Funds	3,714,300	3,742,200

5. BOARD OF CLAIMS/CRIME VICTIMS' COMPENSATION BOARD

	2016-17	**2017-18**
General Fund	773,400	785,400
Restricted Funds	957,700	967,900
Federal Funds	246,400	157,200

TOTAL	1,977,500	1,910,500

6. FINANCIAL INSTITUTIONS

	2016-17	**2017-18**
Restricted Funds	12,274,100	12,678,500

7. HORSE RACING COMMISSION

	2016-17	**2017-18**
General Fund	2,623,000	2,647,200
Restricted Funds	29,038,800	29,646,200
TOTAL	31,661,800	32,293,400

8. HOUSING, BUILDINGS AND CONSTRUCTION

	2016-17	**2017-18**
General Fund	2,392,800	2,414,500
Restricted Funds	21,000,000	20,783,000
TOTAL	23,392,800	23,197,500

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

9. INSURANCE

	2016-17	**2017-18**
Restricted Funds	18,375,200	18,422,200
Federal Funds	1,123,000	1,138,500
TOTAL	19,498,200	19,560,700

10. TAX APPEALS

	2016-17	**2017-18**

General Fund	450,000	453,800

TOTAL - PUBLIC PROTECTION CABINET

	2016-17	**2017-18**
General Fund	7,102,700	7,172,300
Restricted Funds	98,965,400	99,902,500
Federal Funds	1,369,400	1,295,700
TOTAL	107,437,500	108,370,500

M. TOURISM, ARTS AND HERITAGE CABINET

Budget Units

1. SECRETARY

	2016-17	**2017-18**
General Fund	2,531,500	2,561,000
Restricted Funds	13,299,900	14,303,200
TOTAL	15,831,400	16,864,200

(1) Tourism Grants: Included in the above Restricted Funds appropriation is $405,000 in each fiscal year for the purpose of supporting the following grants: The National Quilt Museum of Paducah, $36,000 in each fiscal year; Stephen Foster, $81,000 in each fiscal year; Pioneer School of Drama, $28,500 in each fiscal year; Pine Knob Theater, $29,500 in each fiscal year; Kincaid Regional Theater, $27,500 in each fiscal year; Twilight Cabaret, $9,000 in each fiscal year; Jenny Wiley, $39,500 in each fiscal year; Morehead Tourism Commission Outdoor Theater, $19,500 in each fiscal year; Fort Harrod Drama Productions, $41,000 in each fiscal year; Greenbo Lake State Resort Park, $10,000 in each fiscal year; Russell County Ruscotown Players Production, $25,000 in each fiscal year; Kentucky Shakespeare Festival, $19,500 in each fiscal year; Plaza Theater in Glasgow, $19,500 in each fiscal year; and Kentucky Conservatory Theater, $19,500 in each fiscal year. If the agency finds that a grant recipient no longer exists, the appropriation for that grant shall lapse to the credit of the Tourism, Meeting, and

Convention Marketing Fund established under KRS 142.406.

~~[(2) Statewide Marketing Plan: The Tourism, Arts and Heritage Cabinet shall develop a statewide marketing plan for the Tourism, Meeting, and Convention Marketing Fund. The plan shall detail the projected uses of revenues from the transient room tax and develop strategies for maximizing the effectiveness of statewide marketing efforts supported by this tax. The Cabinet shall present this plan to the Interim Joint Committee on Appropriations and Revenue by October 1, 2016.]~~

2. ARTISANS CENTER

	2016-17	**2017-18**
General Fund	399,000	404,400
Restricted Funds	1,585,400	1,585,400
Road Fund	439,800	445,200
TOTAL	2,424,200	2,435,000

3. TRAVEL

	2016-17	**2017-18**
General Fund	3,010,700	3,036,600
Restricted Funds	41,100	41,100
TOTAL	3,051,800	3,077,700

(1) Bluegrass State Games: Included in the above General Fund appropriation is $47,800 in each fiscal year for the Bluegrass State Games.

4. PARKS

	2015-16	**2016-17**	**2017-18**
General Fund	12,380,000	35,202,000	36,044,800
Restricted Funds	-0-	49,556,400	49,570,600
TOTAL	12,380,000	84,758,400	85,615,400

(1) Park Capital Maintenance and Renovation Fund: Notwithstanding KRS 148.810, no transfer to the Park Capital Maintenance and Renovation Fund shall be made.

(2) Debt Service: Included in the above General Fund appropriation is $376,500 in fiscal year 2016-2017 and $915,500 in fiscal year 2017-2018 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

5. HORSE PARK COMMISSION

	2015-16	2016-17	2017-18
General Fund	-0-	2,395,800	2,417,600
Restricted Funds	1,200,000	12,026,600	12,062,000
TOTAL	1,200,000	14,422,400	14,479,600

6. STATE FAIR BOARD

	2015-16	2016-17	2017-18
General Fund	2,300,000	4,382,200	4,902,200
Restricted Funds	-0-	41,864,100	43,232,600
TOTAL	2,300,000	46,246,300	48,134,800

(1) Debt Service: Included in the above General Fund appropriation is $31,000 in fiscal year 2016-2017 and $373,000 in fiscal year 2017-2018 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) Property Sale Proceeds: Notwithstanding KRS 45.777, the proceeds from any sale of real property assigned to the State Fair Board, not to exceed $8,900,000, shall be transferred to the Finance and Administration Cabinet to offset debt service paid by the Cabinet on behalf of the State Fair Board. Any proceeds in excess of $8,900,000 shall be deposited in a Restricted Funds account for the benefit of the State Fair Board.

7. FISH AND WILDLIFE RESOURCES

	2016-17	2017-18
Restricted Funds	38,129,600	38,246,700
Federal Funds	17,310,200	17,207,500
TOTAL	55,439,800	55,454,200

(1) Fish and Wildlife Resources Peace Officers' Stipend: Included in the above

Restricted Funds appropriation is sufficient funding for a $4,000 annual training incentive stipend for Fish and Wildlife Resources Conservation officers from the Fish and Game Fund.

(2) Fees-in-Lieu-of Stream Mitigation Projects: Fees-in-Lieu-of Stream Mitigation project resources shall be available statewide, to all 120 counties, subject to federal and state regulatory requirements.

8. HISTORICAL SOCIETY

	2016-17	**2017-18**
General Fund	5,557,200	5,596,500
Restricted Funds	457,800	457,800
Federal Funds	207,900	180,400
TOTAL	6,222,900	6,234,700

(1) Oral History Grants: Included in the above General Fund appropriation is $50,000 in each fiscal year for Oral History grants.

9. ARTS COUNCIL

	2016-17	**2017-18**
General Fund	2,625,700	2,640,700
Restricted Funds	151,600	151,600
Federal Funds	708,500	708,500
TOTAL	3,485,800	3,500,800

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

(2) Open Records: Any entity involved in producing or financing arts on a local or statewide basis, since the inception of fiscal year 2004-2005, which received a total of $25,000 or less as a result of appropriations or grants from state or local governmental

units shall be exempt from the requirements of KRS 61.870 to 61.884.

10. HERITAGE COUNCIL

	2016-17	**2017-18**
General Fund	711,300	717,100
Restricted Funds	276,800	278,700
Federal Funds	857,700	863,800
TOTAL	1,845,800	1,859,600

11. KENTUCKY CENTER FOR THE ARTS

	2016-17	**2017-18**
General Fund	913,100	915,100

TOTAL - TOURISM, ARTS AND HERITAGE CABINET

	2015-16	**2016-17**	**2017-18**
General Fund	14,680,000	57,728,500	59,236,000
Restricted Funds	1,200,000	157,389,300	159,929,700
Federal Funds	-0-	19,084,300	18,960,200
Road Fund	-0-	439,800	445,200
TOTAL	15,880,000	234,641,900	238,571,100

PART II

CAPITAL PROJECTS BUDGET

(1) Capital Construction Fund Appropriations and Reauthorizations: Moneys in the Capital Construction Fund are appropriated for the following capital projects subject to the conditions and procedures in this Act. Items listed without appropriated amounts are previously authorized for which no additional amount is required. These items are listed in order to continue their current authorization into the 2016-2018 fiscal biennium. Unless otherwise specified, reauthorized projects shall conform to the original authorization enacted by the General Assembly.

(2) Expiration of Existing Line-Item Capital Construction Projects: All

appropriations to existing line-item capital construction projects expire on June 30, 2016, unless reauthorized in this Act with the following exceptions: (a) A construction or purchase contract for the project shall have been awarded by June 30, 2016; (b) Permanent financing or a short-term line of credit sufficient to cover the total authorized project scope shall have been obtained in the case of projects authorized for bonds, if the authorized project completes an initial draw on the line of credit within the fiscal biennium immediately subsequent to the original authorization; and (c) Grant or loan agreements, if applicable, shall have been finalized and properly signed by all necessary parties by June 30, 2016. Notwithstanding the criteria set forth in this subsection, the disposition of 2016-2018 fiscal biennium nonstatutory appropriated maintenance pools funded from Capital Construction Investment Income shall remain subject to the provisions of KRS 45.770(5)(c).

(3) Bond Proceeds Investment Income: Investment income earned from bond proceeds beyond that which is required to satisfy Internal Revenue Service arbitrage rebates and penalties and excess bond proceeds upon the completion of a bond-financed capital project shall be used to pay debt service according to the Internal Revenue Service Code and accompanying regulations.

(4) Appropriations for Projects Not Line-Itemized: Inasmuch as the identification of specific projects in a variety of areas of the state government cannot be ascertained with absolute certainty at this time, amounts are appropriated for specific purposes to projects which are not individually identified in this Act in the following areas: Kentucky Infrastructure Authority Water and Sewer projects; Repair of State-Owned Dams; Guaranteed Energy Savings Performance Contract projects; Wetland and Stream Mitigation projects; Economic Development projects, which shall include authorization for the High-Tech Construction Pool and the High-Tech Investment Pool; Workforce Development Construction Pool; Flood Control projects; Bond-funded maintenance pools; Postsecondary Education pools; and Commonwealth Office of

Technology Infrastructure Upgrades. Capital projects as defined by KRS 45.750(1)(f) shall be reported to the Capital Projects and Bond Oversight Committee.

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

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

(7) Expiring Debt: The following amount of previously appropriated bond funds shall expire upon passage of this Act: Maxey Flats Cap ($9,000,000) as set forth in 2012 Ky. Acts ch. 144, Part II, E., 2., 001..

(8) Debt Issued on Behalf of State Agencies: Notwithstanding any statute or regulation to the contrary, financings, including the issuance of bonds, executed on behalf of a state agency for capital projects shall be subject to the same statutory review and approval provisions as debt directly issued by a state agency.

A. GENERAL GOVERNMENT

Budget Units	2015-16	2016-17	2017-18
1. DEPARTMENT OF VETERANS' AFFAIRS			
001. Maintenance Pool - 2016-2018			
Investment Income	-0-	400,000	400,000
2. KENTUCKY INFRASTRUCTURE AUTHORITY			

(1) Closed Kentucky Infrastructure Authority Water and Sewer Grant Projects: The recipient of a grant for a specified water and sewer project may certify to

the Commissioner of the Department for Local Government that the specified project is no longer an active project and may request reallocation of the project funds to another project. Notwithstanding any other statute to the contrary, upon authorization by the State Budget Director and notification to the Interim Joint Committee on Appropriations and Revenue, the Commissioner of the Department for Local Government may approve the reallocation of funds. As specified by Part II, (3) of this Act, unexpended fund balances from inactive and/or closed Kentucky Infrastructure Authority Water and Sewer Grant Projects as of June 30, 2016, not reallocated in fiscal year 2016-2017 shall be transferred to the Finance and Administration Cabinet in fiscal year 2017-2018 to pay debt service.

001. KIA Fund A - Federally Assisted Wastewater Program - 2016-2018

Federal Funds	-0-	17,870,000	17,870,000
Bond Funds	-0-	3,750,000	3,750,000
Agency Bonds	-0-	100,000,000	-0-
TOTAL	-0-	121,620,000	21,620,000

(1) Permitted Use of Funds: The Bond Funds shall be used to meet the state match requirement for federal funds for the Wastewater State Revolving Loan Fund program.

002. KIA Fund F - Drinking Water Revolving Loan Program - 2016-2018

Federal Funds	-0-	13,770,000	13,770,000
Bond Funds	-0-	3,050,000	3,050,000
Agency Bonds	-0-	25,000,000	-0-
TOTAL	-0-	41,820,000	16,820,000

(1) Permitted Use of Funds: The Bond Funds shall be used to meet the state match requirement for federal funds for the Safe Drinking Water State Revolving Loan Fund program.

003. KIA Fund A - Federally Assisted Wastewater Program - 2014-2016 Reauthorization ($100,000,000 Agency Bonds)

004. KIA Fund F - Drinking Water Revolving Loan Program - 2014-2016 Reauthorization ($25,000,000 Agency Bonds)				
3. MILITARY AFFAIRS				
001. Construct Building 352 - Bluegrass Station				
Other Funds	-0-	7,000,000	-0-	
(1) Authorization: The above authorization is approved pursuant to KRS 45.763.				
002. Construct Replacement Human Resources Office Building - Frankfort				
Restricted Funds	-0-	525,000	-0-	
Federal Funds	-0-	1,575,000	-0-	
TOTAL	-0-	2,100,000	-0-	
003. Maintenance Pool - 2016-2018				
Investment Income	-0-	1,000,000	1,000,000	
004. Renovation of Bay A in Building 3 at Bluegrass Station				
Restricted Funds	2,000,000	-0-	-0-	
005. Construct Structural Repairs Harrodsburg Armory				
Restricted Funds	-0-	330,000	-0-	
Federal Funds	-0-	330,000	-0-	
TOTAL	-0-	660,000	-0-	
006. Construct Structural Repairs Walton Armory				
Restricted Funds	-0-	330,000	-0-	
Federal Funds	-0-	330,000	-0-	
TOTAL	-0-	660,000	-0-	
007. Renovation Butler Building Property Phase 2 - Louisville Reauthorization ($2,000,000 Restricted Funds)				
4. DEPARTMENT FOR LOCAL GOVERNMENT				
001. City of Covington - Times Star Commons - Planning Reauthorization ($750,000 Bond Funds and $250,000 General Fund)				

(1) Reauthorization: The above project from 2006 Ky. Acts ch. 252, Part II, P., Kenton County, 002. and 2006 Ky. Acts ch. 252, Part II, P., Kenton County, 001. shall be reauthorized for the 2016-2018 fiscal biennium.

002. City of Covington - West Covington Fire Station - Property Acquisition Reauthorization ($300,000 Bond Funds)

(1) Reauthorization: The above project from 2006 Ky. Acts ch. 252, Part II, P., Kenton County, 003. shall be reauthorized for the 2016-2018 fiscal biennium.

5. REGISTRY OF ELECTION FINANCE

001. System Modernization

General Fund	-0-	1,836,000	-0-

6. ATTORNEY GENERAL

001. Franklin County - Lease

7. UNIFIED PROSECUTORIAL SYSTEM

a. Commonwealth's Attorneys

001. Jefferson County - Lease

8. TREASURY

001. Lease-Purchase Check Printers

Investment Income	-0-	115,600	-0-

9. OCCUPATIONAL AND PROFESSIONAL BOARDS AND COMMISSIONS

a. Nursing

001. Jefferson County - Lease

10. KENTUCKY RIVER AUTHORITY

001. Construct Lock and Dam 10

Agency Bonds	-0-	34,000,000	-0-

002. Design and Repair Dam 7

Agency Bonds	-0-	292,000	2,789,000

003. Design and Repair Dam 6

Agency Bonds	-0-	197,000	2,102,000

11. SCHOOL FACILITIES CONSTRUCTION COMMISSION

001. Special Offers of Assistance - 2014-2016

Bond Funds	-0-	103,112,000	-0-

(1) Special Offers of Assistance: The Bond Funds shall be limited to those projects authorized in 2014 Ky. Acts ch. 117, Part I, A., 28., (5) and 2014 Ky. Acts ch. 117, Part I, C., 1., (19)(b).

002. Offers of Assistance - 2014-2016

Bond Funds	-0-	100,000,000	-0-

003. School Facilities Construction Commission Reauthorization

($94,532,000 Bond Funds)

004. Special Offers of Assistance - 2016-2018

Bond Funds	-0-	93,745,000	-0-

B. ECONOMIC DEVELOPMENT CABINET

(1) Economic Development Bond Issues: Before any economic development bonds are issued, the proposed bond issue shall be approved by the Secretary of the Finance and Administration Cabinet and the State Property and Buildings Commission under KRS 56.440 to 56.590. In addition to the terms and conditions of KRS 154.12-100, administration of the Economic Development Bond Program by the Secretary of the Cabinet for Economic Development is subject to the following guideline: project selection shall be documented when presented to the Secretary of the Finance and Administration Cabinet. Included in the documentation shall be the rationale for selection and expected economic development impact.

(2) Use of New Economy Funds: Notwithstanding KRS 154.12-100, 154.12-278(4) and (5), and 154.20.035, the Secretary of the Cabinet for Economic Development may use funds appropriated in the Economic Development Bond Program, High-Tech Construction/Investment Pool, and the Kentucky Economic Development Finance

Authority Loan Pool interchangeably for economic development projects.

Budget Units	2016-17	2017-18
1. ECONOMIC DEVELOPMENT		
001. Economic Development Bond Program - 2016-2018		
Bond Funds	-0-	7,000,000
002. High-Tech Construction/Investment Pool - 2016-2018		
Bond Funds	-0-	7,000,000
003. Kentucky Economic Development Finance Authority Loan Pool - 2016-2018		
Bond Funds	-0-	7,000,000

C. DEPARTMENT OF EDUCATION

Budget Units	2016-17	2017-18
1. OPERATIONS AND SUPPORT SERVICES		
001. Maintenance Pool - 2016-2018		
Bond Funds	1,500,000	1,500,000
Investment Income	675,000	675,000
TOTAL	2,175,000	2,175,000
002. KSB Howser Hall Renovation		
Bond Funds	5,000,000	-0-
003. KSD New Elementary Building		
Bond Funds	6,000,000	-0-
004. KSB McDaniel/Scoggin Educational Building		
Bond Funds	1,000,000	-0-

D. EDUCATION AND WORKFORCE DEVELOPMENT CABINET

Budget Units	2016-17	2017-18
1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT		
001. Workforce Development Construction Pool		

		Bond Funds	100,000,000	-0-
	002.	Maintenance Pool - 2016-2018		
		Investment Income	400,000	400,000
2.	**KENTUCKY EDUCATIONAL TELEVISION**			
	001.	Maintenance Pool - 2016-2018		
		Investment Income	300,000	300,000
3.	**EMPLOYMENT AND TRAINING**			
	001.	Hardin County - Lease		
	002.	Kenton County - Lease		
	003.	Hopkinsville HVAC Replacement Project		
		Restricted Funds	1,000,000	-0-
4.	**VOCATIONAL REHABILITATION**			
	001.	Fayette County - Lease		

E. ENERGY AND ENVIRONMENT CABINET

Budget Units			**2016-17**	**2017-18**
1.	**SECRETARY**			
	001.	Maintenance Pool - 2016-2018		
		Investment Income	200,000	200,000
2.	**ENVIRONMENTAL PROTECTION**			
	001.	State-Owned Dam Repair - 2016-2018		
		Bond Funds	4,000,000	-0-

F. FINANCE AND ADMINISTRATION CABINET

Budget Units			**2016-17**	**2017-18**
1.	**GENERAL ADMINISTRATION**			
	001.	Business One-Stop Portal - Phase III		
		Bond Funds	-0-	12,000,000
	002.	Lexington Convention Center		

	Bond Funds	60,000,000	-0-
2.	**FACILITIES AND SUPPORT SERVICES**		
	001. Maintenance Pool - 2016-2018		
	Bond Funds	2,850,000	2,850,000
	002. HVAC Replacement - CHR Building		
	Bond Funds	4,500,000	-0-
	003. Upgrade L&N Building		
	Bond Funds	4,375,000	-0-
	004. Guaranteed Energy Savings Performance Contracts		
3.	**COMMONWEALTH OFFICE OF TECHNOLOGY**		

(1) Transfer of Restricted Funds from Operating Budget: For the major equipment purchases displayed in this section funded from Restricted Funds, it is anticipated that these funds shall be transferred from the Operating Budget as funds are available and needed.

001. Enterprise Infrastructure - 2016-2018		
Restricted Funds	3,000,000	3,000,000
002. Enterprise Document Management		
Restricted Funds	3,000,000	-0-
003. Boone County - Lease		
004. Franklin County - Lease		
4. **KENTUCKY LOTTERY CORPORATION**		
001. Replace Sales Force Management Solution		
Other Funds	700,000	-0-
002. Enterprise Resource Planning Upgrade		
Other Funds	-0-	600,000

G. HEALTH AND FAMILY SERVICES CABINET

Budget Units	**2016-17**	**2017-18**

1.	**GENERAL ADMINISTRATION AND PROGRAM SUPPORT**			
	001. Maintenance Pool - 2016-2018			
	Bond Funds		2,375,000	2,375,000
	002. Fayette County - Lease			
2.	**HEALTH BENEFIT AND INFORMATION EXCHANGE**			
	001. Franklin County - Lease			
3.	**COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS**			
	001. Jefferson County - Lease			
4.	**BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES**			
	001. Western State Hospital - Electrical Upgrade - Phase I			
	Bond Funds		4,867,500	-0-
5.	**INCOME SUPPORT**			
	001. Franklin County - Lease			
	002. Jefferson County - Lease			
6.	**COMMUNITY BASED SERVICES**			
	001. Boone County - Lease			
	002. Boyd County - Lease			
	003. Campbell County - Lease			
	004. Daviess County - Lease			
	005. Fayette County - Lease			
	006. Fayette County - Lease - Centre Parkway			
	007. Hardin County - Lease			
	008. Johnson County - Lease			
	009. Kenton County - Lease			
	010. Perry County - Lease			

011. Shelby County - Lease			
012. Warren County - Lease			
013. Warren County - Lease - Suwannee Trail Court			
H. JUSTICE AND PUBLIC SAFETY CABINET			
Budget Units		**2016-17**	**2017-18**
1.	**CRIMINAL JUSTICE TRAINING**		
	001. Bizzack Complex HVAC Repair/Replacement		
	Restricted Funds	2,812,000	-0-
	002. Funderburk Building HVAC Upgrade		
	Restricted Funds	1,200,000	-0-
2.	**JUVENILE JUSTICE**		
	001. Maintenance Pool - 2016-2018		
	Investment Income	750,000	750,000
3.	**STATE POLICE**		
	001. Replace/Upgrade Existing Kentucky AFIS Phase II		
	Restricted Funds	2,000,000	600,000
	002. Replace Gas Chromatograph/Mass Spectrometers		
	Restricted Funds	-0-	1,500,000
	003. Maintenance Pool - 2016-2018		
	Investment Income	400,000	400,000
	004. Ion Trap GC/MSD		
	Restricted Funds	-0-	250,000
4.	**CORRECTIONS**		
	a. **Adult Correctional Institutions**		
	001. Maintenance Pool - 2016-2018		
	Bond Funds	2,612,500	2,612,500
	002. Stabilization of Dorm 8 Kentucky State Reformatory		

	Bond Funds	4,155,000	-0-
003. Repair and Stabilize Tower Kentucky State Reformatory			
	Bond Funds	3,797,000	-0-
004. Kentucky Correctional Institution for Women - Sewer Plant/Line			
	Bond Funds	2,560,000	-0-

5. COMMUNITY SERVICES AND LOCAL FACILITIES

001. Fayette County - Lease

6. PUBLIC ADVOCACY

001. Franklin County - Lease

I. LABOR CABINET

Budget Units	**2016-17**	**2017-18**

1. SECRETARY

001. Franklin County - Lease

2. WORKERS' CLAIMS

001. Franklin County - Lease

J. POSTSECONDARY EDUCATION

(1) Awarding of Construction Contracts for Capital Projects: Postsecondary institutions electing to manage their own capital construction and procurement in accordance with KRS 164A.555 to 164A.630 shall, in addition to all other requirements, ensure that construction contracts are awarded in compliance with KRS Chapter 45A, including but not limited to public opening and inspection of bids and application of the reciprocal resident bidder preference.

(2) Operations and Maintenance Funding: It is the intent of the 2016 General Assembly that public postsecondary institutions should not base any decision to proceed with any capital project authorized in Part II, Capital Projects Budget, of this Act, that is funded from Agency Bonds, Restricted Funds, or Other Funds on an expectation of receiving General Fund moneys for the operations and maintenance of that facility in

future biennia.

Budget Units	2015-16	2016-17	2017-18
1. COUNCIL ON POSTSECONDARY EDUCATION			
001. Franklin County - Lease			
2. KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION			
001. Jefferson County - Lease			
3. EASTERN KENTUCKY UNIVERSITY			
001. Replace and Renovate Student Housing			
Other Funds	-0-	50,000,000	-0-
(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
002. Construct Dining Facility			
Other Funds	-0-	35,000,000	-0-
(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
003. Construct Regional Health Facility			
Federal Funds	-0-	12,500,000	-0-
004. Construct Alumni and Welcome Center			
Other Funds	-0-	12,000,000	-0-
(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
005. Construct EKU Scholar House			
Restricted Funds	-0-	1,200,000	-0-
Other Funds	-0-	10,800,000	-0-
TOTAL	-0-	12,000,000	-0-
(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
006. Miscellaneous Maintenance Pool - 2016-2018			
Restricted Funds	-0-	5,000,000	5,000,000
007. Purchase Networked Education System Components			
Restricted Funds	-0-	3,450,000	3,500,000

008. Upgrade and Improve Residence Halls Pool				
	Restricted Funds	-0-	3,000,000	3,000,000
009. Renovate HVAC Systems Pool				
	Restricted Funds	-0-	5,000,000	-0-
010. Upgrade Academic Computing				
	Restricted Funds	-0-	2,500,000	2,500,000
011. Construct Pedestrian Improvements				
	Restricted Funds	-0-	4,500,000	-0-
012. Upgrade and Improve Athletics Facilities Pool				
	Restricted Funds	-0-	1,750,000	-0-
	Other Funds	-0-	1,750,000	-0-
	TOTAL	-0-	3,500,000	-0-

(1) Authorization: The above authorization is approved pursuant to KRS 45.763.

013. Construct EKU Early Childhood Center				
	Restricted Funds	-0-	3,350,000	-0-
014. Expand Indoor Tennis Facility				
	Other Funds	-0-	3,225,000	-0-

(1) Authorization: The above authorization is approved pursuant to KRS 45.763.

015. Upgrade Administrative Computing System				
	Restricted Funds	-0-	1,650,000	1,500,000
016. Renovate Baseball Complex				
	Other Funds	-0-	3,000,000	-0-

(1) Authorization: The above authorization is approved pursuant to KRS 45.763.

017. Renovate Women's Softball and Soccer Complex				
	Other Funds	-0-	3,000,000	-0-

(1) Authorization: The above authorization is approved pursuant to KRS 45.763.

018. Construct Student Health Center

	Other Funds	-0-	2,705,000	-0-

(1) Authorization: The above authorization is approved pursuant to KRS 45.763.

019. Pedestrian Bridge

Restricted Funds	-0-	2,000,000	-0-

020. Renovate Lancaster Center Building

Other Funds	-0-	1,472,000	-0-

(1) Authorization: The above authorization is approved pursuant to KRS 45.763.

021. Renovate Ambulance Building

Restricted Funds	-0-	980,000	-0-

022. Alumni Coliseum Sound System Upgrade

Restricted Funds	-0-	750,000	-0-

023. Guaranteed Energy Savings Performance Contracts

024. New Housing Space - Lease

025. Madison County - Student Housing - Lease

026. Construct Student Life Facilities

Agency Bonds	-0-	90,000,000	-0-
Other Funds	-0-	3,000,000	-0-
TOTAL	-0-	93,000,000	-0-

(1) Authorization: The above authorization is approved pursuant to KRS 45.763.

027. Expand/Upgrade Campus Data Network

Restricted Funds	-0-	1,000,000	-0-
Other Funds	-0-	11,212,000	-0-
TOTAL	-0-	12,212,000	-0-

(1) Authorization: The above authorization is approved pursuant to KRS 45.763.

028. Commonwealth Hall Partial Repurposing and Renovation

Restricted Funds	-0-	6,000,000	-0-

029. Construct Parking Deck

		Agency Bonds	-0-	15,000,000	-0-
030.	Construct Public Safety Training Facility - Additional				
		Other Funds	-0-	9,938,000	-0-
(1)	**Authorization:** The above authorization is approved pursuant to KRS 45.763.				
031.	Purchase of Adjacent Property				
		Restricted Funds	-0-	3,000,000	-0-
032.	Renovate Property				
		Other Funds	-0-	3,000,000	-0-
(1)	**Authorization:** The above authorization is approved pursuant to KRS 45.763.				
033.	Honors College				
		Restricted Funds	-0-	8,000,000	-0-
034.	Steam Line Upgrades				
		Other Funds	-0-	10,000,000	-0-
(1)	**Authorization:** The above authorization is approved pursuant to KRS 45.763.				
4.	**KENTUCKY STATE UNIVERSITY**				
001.	Life Safety Upgrade Pool - 2016-2018				
		Restricted Funds	-0-	5,000,000	-0-
002.	Expand Emergency Notification System				
		Restricted Funds	-0-	4,580,000	-0-
003.	Construct Warehouse				
		Restricted Funds	-0-	3,642,000	-0-
004.	Replace Enterprise Resource Planning System				
		Restricted Funds	1,750,000	-0-	-0-
		Federal Funds	1,750,000	-0-	-0-
		TOTAL	3,500,000	-0-	-0-
005.	Improvements to Instructional Technology				
		Restricted Funds	-0-	2,500,000	-0-

006. Guaranteed Energy Savings Performance Contracts				
007. School of Nursing				
Federal Funds	-0-	13,014,000	-0-
(1) Authorization: The above authorization is approved pursuant to KRS 45.763.				
008. Acquire Land/Campus Master Plan 2016				
Restricted Funds	-0-	1,000,000	-0-
Federal Funds	-0-	1,000,000	-0-
TOTAL	-0-	2,000,000	-0-
009. Renovate Atwood Agricultural Research Building Reauthorization ($12,368,000 Federal Funds)				

5. MOREHEAD STATE UNIVERSITY

001. Capital Renewal and Maintenance Pool			
Restricted Funds	-0-	5,000,000	-0-
002. ADA Modifications Pool			
Restricted Funds	-0-	5,000,000	-0-
003. Upgrade Administrative Office Systems			
Restricted Funds	-0-	4,864,000	-0-
004. Construct New Volleyball Facility - Phase 2			
Restricted Funds	-0-	3,300,000	-0-
005. Purchase Instructional Technology Initiatives			
Restricted Funds	-0-	3,021,000	-0-
006. Enhance Network/Infrastructure Resources - Additional			
Restricted Funds	-0-	3,000,000	-0-
007. Reconstruct Central Campus			
Restricted Funds	-0-	3,000,000	-0-
008. Upgrade Campus Fire and Security Systems			
Restricted Funds	-0-	2,670,000	-0-

009.	Construct Classroom/Lab Building at Browning Orchard				
	Restricted Funds	-0-	1,942,000	-0-	
010.	Replace Electrical Switchgear B				
	Restricted Funds	-0-	1,800,000	-0-	
011.	Upgrade and Expand Distance Learning				
	Restricted Funds	-0-	1,700,000	-0-	
012.	Enhance Library Automation Resources				
	Restricted Funds	-0-	1,539,000	-0-	
013.	Water Plant Sediment Basin				
	Restricted Funds	-0-	1,500,000	-0-	
014.	Renovate Howell-McDowell				
	Restricted Funds	-0-	1,296,000	-0-	
015.	Purchase Equipment for Biochemistry Lab				
	Restricted Funds	-0-	548,000	-0-	
016.	Guaranteed Energy Savings Performance Contracts				
017.	Construct Food Service/Retail & Parking - Additional				
	Agency Bonds	-0-	6,600,000	-0-	
018.	Renovate Cartmell Residence Hall				
	Agency Bonds	-0-	15,200,000	-0-	
019.	Purchase of Rowan County Board of Education Building				
	Restricted Funds	-0-	2,000,000	-0-	
6.	**MURRAY STATE UNIVERSITY**				
001.	Construct Residential Suite-Style Housing				
	Other Funds	-0-	20,000,000	-0-	
(1)	**Authorization:** The above authorization is approved pursuant to KRS 45.763.				
002.	Construct Sorority Suites				
	Other Funds	-0-	13,500,000	-0-	

(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.				
003. Provide Bookstore				
	Other Funds	-0-	8,000,000	-0-
(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.				
004. Renovate Winslow Cafeteria				
	Restricted Funds	-0-	4,550,000	-0-
005. Provide Alternate Dining Facility				
	Other Funds	-0-	4,000,000	-0-
(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.				
006. College of Science Instructional/Research Equipment Pool				
	Restricted Funds	-0-	3,500,000	-0-
007. Upgrade Campus Network				
	Restricted Funds	-0-	3,162,000	-0-
008. Construct Livestock Instructional Laboratory				
	Restricted Funds	-0-	2,824,000	-0-
009. Demolish Woods Hall				
	Restricted Funds	-0-	2,301,000	-0-
010. Renovate White Hall HVAC System				
	Restricted Funds	-0-	2,074,000	-0-
011. Install Solar Panels and/or Geothermal Power				
	Restricted Funds	-0-	2,000,000	-0-
012. Renovate Wrather Hall				
	Restricted Funds	-0-	2,000,000	-0-
013. Repairs of Biology Building				
	Restricted Funds	-0-	2,000,000	-0-
014. Repairs of Chemistry Building				
	Restricted Funds	-0-	2,000,000	-0-

015. Upgrade Campus Phone System				
	Restricted Funds	-0-	1,781,000	-0-
016. Upgrade Applied Science Electrical System				
	Restricted Funds	-0-	1,626,000	-0-
017. Install Sprinkler System - Blackburn Science Building				
	Restricted Funds	-0-	1,599,000	-0-
018. Renovate White Hall Interior				
	Restricted Funds	-0-	1,558,000	-0-
019. Renovate Pogue Library Electric and HVAC				
	Restricted Funds	-0-	1,555,000	-0-
020. ITV Upgrades to Murray State University System				
	Restricted Funds	-0-	1,547,000	-0-
021. Construct Open-Sided Stall Barn at Expo Center				
	Restricted Funds	-0-	1,521,000	-0-
022. Install CFSB Center Generator				
	Restricted Funds	-0-	1,500,000	-0-
023. Replace CFSB Center Seating				
	Restricted Funds	-0-	1,500,000	-0-
024. Renovate Regents Hall Electrical System				
	Restricted Funds	-0-	1,446,000	-0-
025. Renovate Curris Center				
	Restricted Funds	-0-	1,400,000	-0-
026. Renovate White Hall Electrical System				
	Restricted Funds	-0-	1,336,000	-0-
027. Renovate Hart Hall Electrical System				
	Restricted Funds	-0-	1,286,000	-0-
028. Replace E&G Chiller/CFC Compliance				

	Restricted Funds	-0-	1,221,000	-0-
029.	Replace Exposition Center Roof			
	Restricted Funds	-0-	1,201,000	-0-
030.	Replace CFSB Center Scoreboard			
	Restricted Funds	-0-	1,200,000	-0-
031.	Waterproof Stewart Stadium			
	Restricted Funds	-0-	1,116,000	-0-
032.	Replace White Hall Domestic Water Piping			
	Restricted Funds	-0-	1,112,000	-0-
033.	Renovate General Services			
	Restricted Funds	-0-	1,000,000	-0-
034.	Agriculture Instructional Laboratory and Technology Equipment			
	Restricted Funds	-0-	800,000	-0-
035.	Information Technology Infrastructure for TSM and IET			
	Restricted Funds	-0-	791,000	-0-
036.	Replace Blackburn Science Roof			
	Restricted Funds	-0-	750,000	-0-
037.	Broadcasting Education Laboratory Equipment			
	Restricted Funds	-0-	225,000	-0-
038.	Guaranteed Energy Savings Performance Contracts			
039.	Renovate White Hall			
	Agency Bonds	-0-	16,299,000	-0-
040.	Acquire Agriculture Research Farm Land			
	Restricted Funds	-0-	1,200,000	-0-
041.	Acquire Property			
	Restricted Funds	-0-	4,000,000	-0-
042.	Complete ADA Compliance Pool - H&D			

		Agency Bonds	-0-	1,957,000	-0-
	043.	Renovate Civic Center			
		Restricted Funds	-0-	1,000,000	-0-
		Other Funds	-0-	3,600,000	-0-
		TOTAL	-0-	4,600,000	-0-

(1) Authorization: The above authorization is approved pursuant to KRS 45.763.

7. NORTHERN KENTUCKY UNIVERSITY

	001.	Construct Mixed-Use Facility with Student Housing			
		Other Funds	-0-	125,000,000	-0-

(1) Authorization: The above authorization is approved pursuant to KRS 45.763.

	002.	Construct Basketball Practice Facility			
		Other Funds	-0-	15,000,000	-0-

(1) Authorization: The above authorization is approved pursuant to KRS 45.763.

	003.	Renew Electrical Distribution Systems Pool			
		Restricted Funds	-0-	5,000,000	-0-
	004.	Scientific/Technology Equipment Pool			
		Restricted Funds	-0-	5,000,000	-0-
	005.	Renovate Civic Center Building			
		Restricted Funds	-0-	4,600,000	-0-
	006.	Upgrade Instructional Technology Pool			
		Restricted Funds	-0-	3,500,000	-0-
	007.	Repair Norse/Woodcrest Exterior Stairs/Landings			
		Restricted Funds	-0-	3,000,000	-0-
	008.	Replace Underground Gas Mains			
		Restricted Funds	-0-	2,500,000	-0-
	009.	Campus Telecommunications Upgrade			
		Restricted Funds	-0-	1,500,000	-0-

010. Enhance/Upgrade Cyber Security System

Restricted Funds	-0-	1,500,000	-0-

011. Upgrade Infrastructure for Administrative Systems

Restricted Funds	-0-	1,500,000	-0-

012. Budget Planning System

Restricted Funds	-0-	1,400,000	-0-

013. Capital Equipment Lease Pool

Restricted Funds	-0-	2,000,000	-0-

014. Renew Kenton Garage

Restricted Funds	-0-	1,100,000	-0-

015. Purchase Large Format Color Press

Restricted Funds	-0-	700,000	-0-

016. Purchase Coach Bus

Restricted Funds	-0-	690,000	-0-

017. Construct Center for Applied Ecology Building Reauthorization ($1,000,000 Restricted, $1,000,000 Other Funds)

(1) Reauthorization: The above reauthorization is approved pursuant to KRS 45.763.

018. Renovate Brown Building Reauthorization ($3,000,000 Restricted Funds, $1,000,000 Other Funds)

(1) Reauthorization: The above reauthorization is approved pursuant to KRS 45.763.

019. Academic Space - Lease

020. Guaranteed Energy Savings Performance Contracts

021. Expand Herrmann Science Center

Restricted Funds	-0-	3,000,000	-0-

022. Repair Structural Heaving Landrum Hall/Fine Arts Center

Restricted Funds	-0-	7,000,000	-0-
023. Construct/Acquire New Residence Hall			
Agency Bonds	-0-	28,500,000	-0-
024. Renovate Gateway/Highland Heights Campus			
Other Funds	-0-	6,000,000	-0-
(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
025. E1-Renew E&G Building Systems Projects Pool			
Restricted Funds	-0-	10,000,000	-0-
026. Renovate Residence Halls 2016-2018			
Restricted Funds	-0-	10,000,000	-0-
027. Renew HVAC Project Pool			
Restricted Funds	-0-	6,500,000	-0-
028. Renovate/Expand Baseball Field - Additional Reauthorization			
Restricted Funds	-0-	5,300,000	-0-
029. Acquire Land/Master Plan 2010-2012 - Additional Reauthorization			
Restricted Funds	-0-	4,000,000	-0-
Other Funds	-0-	4,000,000	-0-
TOTAL	-0-	8,000,000	-0-
(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
030. Construct Satellite Parking Lot			
Agency Bonds	-0-	6,000,000	-0-
Other Funds	-0-	6,000,000	-0-
TOTAL	-0-	12,000,000	-0-
(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			

8. UNIVERSITY OF KENTUCKY

001. Construct Student Housing Pool - Additional Reauthorization

($202,000,000 Other Funds)

	Restricted Funds	-0-	50,000,000	-0-
	Other Funds	-0-	100,000,000	-0-
	TOTAL	-0-	150,000,000	-0-

(1) Authorization: The above authorization is approved pursuant to KRS 45.763.

002. Construct New Alumni Center

	Other Funds	-0-	38,000,000	-0-

(1) Authorization: The above authorization is approved pursuant to KRS 45.763.

003. Renovate/Expand Wildcat Coal Lodge

	Other Funds	-0-	21,000,000	-0-

(1) Authorization: The above authorization is approved pursuant to KRS 45.763.

004. Upgrade Dining Facilities - Additional Reauthorization ($50,000,000 Other Funds)

	Other Funds	-0-	20,000,000	-0-

(1) Authorization: The above authorization is approved pursuant to KRS 45.763.

005. Clinical Services Pool - UK HealthCare

	Restricted Funds	-0-	15,000,000	-0-

006. Design Library - Knowledge Center

	Restricted Funds	-0-	13,335,000	-0-

007. Disaster Recovery and Business Continuity IT Project

	Restricted Funds	-0-	12,000,000	-0-

008. Fit-up Pool for New Housing and Dining Facilities

	Restricted Funds	-0-	12,000,000	-0-

009. Construct Equine Campus - Phase 2

	Restricted Funds	-0-	10,500,000	-0-

010. Renovate Chemistry/Physics Building

	Restricted Funds	-0-	10,500,000	-0-

011. Renovate Taylor Education Building

	Restricted Funds	-0-	10,500,000	-0-
012.	Acquire Telemedicine/Virtual ICU			
	Restricted Funds	-0-	10,000,000	-0-
013.	Acquire/Upgrade UK HealthCare IT Systems			
	Restricted Funds	-0-	10,000,000	-0-
014.	Clinical Information System Pool			
	Restricted Funds	-0-	10,000,000	-0-
015.	Fit-Up Academic/Administrative Space 2			
	Restricted Funds	-0-	10,000,000	-0-
016.	Fit-Up Academic/Administrative Space 1			
	Restricted Funds	-0-	10,000,000	-0-
017.	Implement Enterprise Security System - UK HealthCare			
	Restricted Funds	-0-	10,000,000	-0-
018.	Implement Medication Bar Coding System - UK HealthCare			
	Restricted Funds	-0-	10,000,000	-0-
019.	Implement Patient Communication System - UK HealthCare			
	Restricted Funds	-0-	10,000,000	-0-
020.	Purchase Digital Medical Record Expansion			
	Restricted Funds	-0-	10,000,000	-0-
021.	Purchase Document Scanning System			
	Restricted Funds	-0-	10,000,000	-0-
022.	Purchase Document Scanning System - UK HealthCare			
	Restricted Funds	-0-	10,000,000	-0-
023.	Renovate/Expand Cooper House			
	Restricted Funds	-0-	10,000,000	-0-
024.	Renovate/Expand Patterson Hall			
	Restricted Funds	-0-	10,000,000	-0-

025. Renovate/Upgrade Academic/Administrative Space 1				
	Restricted Funds	-0-	10,000,000	-0-
026. Renovate/Upgrade Academic/Administrative Space 2				
	Restricted Funds	-0-	10,000,000	-0-
027. Expand Boone Tennis Center				
	Other Funds	-0-	9,500,000	-0-
(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.				
028. Renovate Dentistry				
	Restricted Funds	-0-	9,500,000	-0-
029. Fit-Up Student Center				
	Restricted Funds	-0-	9,000,000	-0-
030. Improve DLAR Facilities Pool				
	Restricted Funds	-0-	9,000,000	-0-
031. Improve Vivarium Spaces Pool				
	Restricted Funds	-0-	9,000,000	-0-
032. Upgrade and Renovate Dining Facilities Pool				
	Restricted Funds	-0-	8,000,000	-0-
033. Renovate/Expand Terrell Civil Engineering Building				
	Restricted Funds	-0-	7,500,000	-0-
034. Construct and Fit-Up Retail Space Pool				
	Other Funds	-0-	6,500,000	-0-
(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.				
035. Renovate Multi-Disciplinary Science Building				
	Restricted Funds	-0-	6,500,000	-0-
036. Renovate Nursing Units - UK HealthCare				
	Restricted Funds	-0-	6,500,000	-0-
037. Renovate/Upgrade Commonwealth Stadium				

Other Funds	-0-	6,500,000	-0-

(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.

038. Upgrade Clinical Enterprise Network - UK HealthCare			
Restricted Funds	-0-	6,500,000	-0-
039. Renovate and Upgrade Memorial Hall			
Restricted Funds	-0-	6,000,000	-0-
040. Renovate Frazee Hall			
Restricted Funds	-0-	6,000,000	-0-
041. Renovate Mineral Industries Building			
Restricted Funds	-0-	6,000,000	-0-
042. Upgrade/Expand Campus Security Platform			
Restricted Funds	-0-	6,000,000	-0-
043. Construct Transit Center			
Restricted Funds	-0-	5,500,000	-0-
044. Construct University Storage Facility			
Restricted Funds	-0-	5,500,000	-0-
045. Expand KGS Well Sample and Core Repository			
Restricted Funds	-0-	5,500,000	-0-
046. Renovate/Upgrade Ecological Research Facility			
Restricted Funds	-0-	5,500,000	-0-
047. Acquire Enterprise Resource Planning Phase V			
Restricted Funds	-0-	5,350,000	-0-
048. Acquire Data Repository System			
Restricted Funds	-0-	5,000,000	-0-
049. Acquire Data Repository System - UK HealthCare			
Restricted Funds	-0-	5,000,000	-0-
050. Acquire Personal Electronic Health Records			

	Restricted Funds	-0-	5,000,000	-0-
051.	ADA Compliance Pool			
	Restricted Funds	-0-	5,000,000	-0-
052.	Construct or Renovate/Upgrade Athletic Facility 1			
	Other Funds	-0-	5,000,000	-0-
(1)	**Authorization:** The above authorization is approved pursuant to KRS 45.763.			
053.	Improve Athletics Facility 1			
	Other Funds	-0-	5,000,000	-0-
(1)	**Authorization:** The above authorization is approved pursuant to KRS 45.763.			
054.	Improve Building Electrical Systems Pool			
	Restricted Funds	-0-	5,000,000	-0-
055.	Improve Building Shell Systems Pool			
	Restricted Funds	-0-	5,000,000	-0-
056.	Improve Elevator Systems Pool			
	Restricted Funds	-0-	5,000,000	-0-
057.	Improve Spindletop Hall Facilities Pool			
	Restricted Funds	-0-	5,000,000	-0-
058.	Improve W.T. Young Facility			
	Restricted Funds	-0-	5,000,000	-0-
059.	Purchase Oncology Information System - UK HealthCare			
	Restricted Funds	-0-	5,000,000	-0-
060.	Purchase/Expand PACS System			
	Restricted Funds	-0-	5,000,000	-0-
061.	Renovate Central Computing Facility			
	Restricted Funds	-0-	5,000,000	-0-
062.	Renovate Fine Arts			
	Restricted Funds	-0-	5,000,000	-0-

063. Renovate Nutter Facility				
Restricted Funds	-0-	5,000,000	-0-
064. Renovate/Upgrade Academic/Administrative Space 3				
Restricted Funds	-0-	5,000,000	-0-
065. Renovate/Upgrade Academic/Administrative Space 4				
Restricted Funds	-0-	5,000,000	-0-
066. Renovate/Upgrade Academic/Administrative Space 5				
Restricted Funds	-0-	5,000,000	-0-
067. Surgical Services Pool - UK HealthCare				
Restricted Funds	-0-	5,000,000	-0-
068. Construct and Fit-Up Retail Space				
Other Funds	-0-	4,500,000	-0-
(1) Authorization: The above authorization is approved pursuant to KRS 45.763.				
069. Construct Hall of Fame Plaza				
Other Funds	-0-	4,500,000	-0-
(1) Authorization: The above authorization is approved pursuant to KRS 45.763.				
070. Acquire/Renovate Golf Facility				
Other Funds	-0-	4,000,000	-0-
(1) Authorization: The above authorization is approved pursuant to KRS 45.763.				
071. Purchase Cardiology Information System - UK HealthCare				
Restricted Funds	-0-	4,000,000	-0-
072. Renovate Anderson Tower				
Restricted Funds	-0-	4,000,000	-0-
073. Expand/Renovate Sturgill Development Building				
Restricted Funds	-0-	3,500,000	-0-
074. Install Artificial Turf on Pieratt Recreational Fields				
Restricted Funds	-0-	3,500,000	-0-

075.	Support Services Projects Pool - UK HealthCare			
	Restricted Funds	-0-	3,500,000	-0-
076.	Acquire Mainframe Computer - UK HealthCare			
	Restricted Funds	-0-	3,000,000	-0-
077.	Construct or Renovate/Upgrade Athletic Facility 2			
	Other Funds	-0-	3,000,000	-0-
(1)	**Authorization:** The above authorization is approved pursuant to KRS 45.763.			
078.	Implement Unified Communication System - UK HealthCare			
	Restricted Funds	-0-	3,000,000	-0-
079.	Improve UK Radio Communications System			
	Restricted Funds	-0-	3,000,000	-0-
080.	Purchase Telephone System Replacement - UK HealthCare			
	Restricted Funds	-0-	3,000,000	-0-
081.	Upgrade Perioperative Information System			
	Restricted Funds	-0-	3,000,000	-0-
082.	Improve Parking Garage 1			
	Restricted Funds	-0-	2,500,000	-0-
083.	Improve Parking Garage 2			
	Restricted Funds	-0-	2,500,000	-0-
084.	Purchase Upgraded Communications Infrastructure 1			
	Restricted Funds	-0-	2,500,000	-0-
085.	Purchase Upgraded Communications Infrastructure 2			
	Restricted Funds	-0-	2,500,000	-0-
086.	Relocate/Replace Greenhouses			
	Restricted Funds	-0-	2,500,000	-0-
087.	Emerging Technologies Academic Support			
	Restricted Funds	-0-	2,000,000	-0-

088. Healthcare Services Pool				
	Restricted Funds	-0-	2,000,000	-0-
089. Improve Athletics Facilities II				
	Other Funds	-0-	2,000,000	-0-
(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.				
090. Purchase Transport Buses				
	Restricted Funds	-0-	2,000,000	-0-
091. Remote Site Fiber Infrastructure				
	Restricted Funds	-0-	2,000,000	-0-
092. Renovate Dickey Hall				
	Restricted Funds	-0-	2,000,000	-0-
093. Renovate/Upgrade Athletics Playing Fields 1				
	Other Funds	-0-	2,000,000	-0-
(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.				
094. Renovate/Upgrade Athletics Playing Fields 2				
	Other Funds	-0-	2,000,000	-0-
(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.				
095. Upgrade Financial Systems				
	Restricted Funds	-0-	2,000,000	-0-
096. Acquire Communications Equipment				
	Restricted Funds	-0-	1,500,000	-0-
097. Renovate and Upgrade Eagle Building				
	Restricted Funds	-0-	1,500,000	-0-
098. Purchase Allergy Information System - UK HealthCare				
	Restricted Funds	-0-	1,000,000	-0-
099. Renovate Nursing Building				
	Restricted Funds	-0-	1,000,000	-0-

100. UK Mobile Communication Center				
	Restricted Funds	-0-	200,000	-0-
	Federal Funds	-0-	200,000	-0-
	TOTAL	-0-	400,000	-0-

101. Guaranteed Energy Savings Performance Contracts

102. Fayette County - Lease - Administrative Office

103. Fayette County - Lease - Good Samaritan Hospital

104. Fayette County - Lease - Grant Project 2

105. Fayette County - Lease - Kentucky Utilities Building

106. Lease - Grant Project 1

107. Lease - Grant Project 3

108. Lease - Health Affairs Office

109. Lease - Health Affairs Office 10

110. Lease - Health Affairs Office 11

111. Lease - Health Affairs Office 12

112. Lease - Health Affairs Office 2

113. Lease - Health Affairs Office 3

114. Lease - Health Affairs Office 4

115. Lease - Health Affairs Office 5

116. Lease - Health Affairs Office 6

117. Lease - Health Affairs Office 7

118. Lease - Health Affairs Office 8

119. Lease - Health Affairs Office 9

120. Lease - Off Campus - Athletics

121. Lease - Off Campus 1

122. Lease - Off Campus 2

123. Lease - Off Campus 3

124. Lease - Off Campus 4				
125. Lease - Off Campus 5				
126. Lease - Off Campus 6				
127. Lease - Off Campus 7				
128. Lease - Off Campus 8				
129. Lease - Off Campus 9				
130. Lease - Off Campus Housing 1				
131. Lease - Off Campus Housing 2				
132. Lease - Off Campus Housing 3				
133. Lease - Off Campus Housing 4				
134. Lease - Rural Health Expansion - Perry County				
135. Lease - UK HealthCare Off Campus Facility 5				
136. Lease - UK HealthCare Grant Project 1				
137. Lease - UK HealthCare Grant Project 2				
138. Lease - UK HealthCare Off Campus Facility 1				
139. Lease - UK HealthCare Off Campus Facility 2				
140. Lease - UK HealthCare Off Campus Facility 3				
141. Lease - UK HealthCare Off Campus Facility 4				
142. Facilities Renewal, Modernization, and Deferred Maintenance				
Agency Bonds	-0-	60,000,000	-0-	
143. Renovate/Upgrade Healthcare Facilities				
Agency Bonds	-0-	150,000,000	-0-	
144. Fit-up Academic Science Bldg.				
Restricted Funds	-0-	32,000,000	-0-	
145. Improve Campus Parking and Transportation System				
Restricted Funds	-0-	120,000,000	-0-	
146. Construct Digital Village Building #3				

	Restricted Funds	-0-	54,000,000	-0-
147.	Improve Civil/Site Infrastructure			
	Restricted Funds	-0-	25,000,000	-0-
148.	Construct Baseball Facility			
	Restricted Funds	-0-	49,000,000	-0-
149.	Research Equipment Replacement			
	Restricted Funds	-0-	30,000,000	-0-
150.	Upgrade/Renovate/Expand Research Labs			
	Restricted Funds	-0-	33,500,000	-0-
151.	Decommission Facilities			
	Restricted Funds	-0-	25,000,000	-0-
152.	Upgrade Enterprise Information System			
	Restricted Funds	-0-	20,000,000	-0-
153.	Renovate/Upgrade Academic Facility			
	Restricted Funds	-0-	16,000,000	-0-
154.	Acquire High Performance Research Computer			
	Restricted Funds	-0-	6,500,000	-0-
155.	Improve CAER Facilities			
	Restricted Funds	-0-	20,000,000	-0-
156.	Acquire Land			
	Restricted Funds	-0-	50,000,000	-0-
157.	Improve Coldstream Research Campus			
	Restricted Funds	-0-	20,000,000	-0-
158.	Repair/Upgrade/Expand Central Plants			
	Restricted Funds	-0-	112,000,000	-0-
159.	Improve Electrical Infrastructure			
	Restricted Funds	-0-	28,000,000	-0-

160. Improve Mechanical Infrastructure				
	Restricted Funds	-0-	26,000,000	-0-
161. Improve Building Mechanical Systems				
	Restricted Funds	-0-	25,000,000	-0-
162. Repair Emergency Infrastructure/Building Systems				
	Restricted Funds	-0-	25,000,000	-0-
163. Purchase/Upgrade Pollution Controls				
	Restricted Funds	-0-	22,000,000	-0-
164. Improve Life Safety, Project Pool				
	Restricted Funds	-0-	15,000,000	-0-
165. Acquire/Renovate Administrative Facility				
	Other Funds	-0-	10,000,000	-0-

(1) Authorization: The above authorization is approved pursuant to KRS 45.763.

166. Replace Greek Housing				
	Restricted Funds	-0-	24,000,000	-0-
167. Renovate/Upgrade Existing Housing				
	Restricted Funds	-0-	30,000,000	-0-
168. Improve Housing/Dining Facilities				
	Restricted Funds	-0-	30,000,000	-0-
169. Construct/Improve Dining Facilities-1				
	Restricted Funds	-0-	40,000,000	-0-
170. Construct Parking Structure (Lease-Purchase)				
	Other Funds	-0-	38,000,000	-0-

(1) Authorization: The above authorization is approved pursuant to KRS 45.763.

171. Renovate/Upgrade Academic/Administrative Space				
	Restricted Funds	-0-	25,000,000	-0-
172. Construct Housing				

	Restricted Funds	-0-	50,000,000	-0-
173.	Acquire/Renovate Housing			
	Restricted Funds	-0-	50,000,000	-0-
174.	Upgrade/Purchase IT Systems (Clinical and EMR)			
	Restricted Funds	-0-	200,000,000	-0-
175.	Renovate/Upgrade HealthCare Facilities			
	Restricted Funds	-0-	150,000,000	-0-
176.	Upgrade/Fit-up Hospital Facilities			
	Restricted Funds	-0-	35,000,000	-0-
177.	Construct Good Samaritan Medical Office Building - UKHC			
	Restricted Funds	-0-	26,000,000	-0-
178.	Construct/Expand/Renovate Ambulatory Care - UKHC			
	Restricted Funds	-0-	20,000,000	-0-
179.	Implement Land Use Plan - UKHC			
	Restricted Funds	-0-	20,000,000	-0-
180.	Improve Building Systems - UKHC			
	Restricted Funds	-0-	20,000,000	-0-
181.	Upgrade Enterprise Information Systems - UKHC			
	Restricted Funds	-0-	20,000,000	-0-
182.	Upgrade/Expand Cancer Treatment Facility - UKHC			
	Restricted Funds	-0-	20,000,000	-0-
183.	Improve Hospital Facilities - Good Samaritan			
	Restricted Funds	-0-	20,000,000	-0-
184.	Construct Office Tower - UKHC			
	Restricted Funds	-0-	100,000,000	-0-
185.	Upgrade Administrative Systems			
	Restricted Funds	-0-	75,000,000	-0-

186.	Expand/Construct Parking Structure - UKHC				
	Restricted Funds	-0-	43,000,000	-0-	
187.	Improve UKHC Facilities - UK Chandler Hospital				
	Restricted Funds	-0-	310,000,000	-0-	
188.	Improve Good Samaritan Hospital Facilities				
	Restricted Funds	-0-	25,000,000	-0-	
189.	Improve Clinical/Ambulatory Services				
	Restricted Funds	-0-	50,000,000	-0-	
190.	Improve Markey Cancer Center				
	Restricted Funds	-0-	20,000,000	-0-	
191.	Construct Tennis Facility				
	Restricted Funds	-0-	28,000,000	-0-	
192.	Lease/Purchase Campus Infrastructure				
	Restricted Funds	-0-	3,500,000	-0-	

9. UNIVERSITY OF LOUISVILLE

001.	Construct Institute for Product Realization				
	Other Funds	-0-	35,980,000	-0-	

(1) Authorization: The above authorization is approved pursuant to KRS 45.763.

002.	Construct Shelbyhurst Parking Garage				
	Other Funds	-0-	28,000,000	-0-	

(1) Authorization: The above authorization is approved pursuant to KRS 45.763.

003.	Construct Shelbyhurst Hotel/Conference Center				
	Other Funds	-0-	18,720,000	-0-	

(1) Authorization: The above authorization is approved pursuant to KRS 45.763.

004.	Improve Life Safety Projects Pool				
	Restricted Funds	-0-	15,000,000	-0-	
005.	Renovate Health Science Center Simulation Center				

	Restricted Funds	-0-	15,000,000	-0-
006.	Renovate J. B. Speed Building			
	Restricted Funds	-0-	13,260,000	-0-
007.	Improve/Expand Parking			
	Restricted Funds	-0-	13,000,000	-0-
008.	Construct Executive MBA/Business Facility			
	Restricted Funds	-0-	12,000,000	-0-
009.	Purchase Storage System			
	Restricted Funds	-0-	12,000,000	-0-
010.	Expand School of Public Health and Information Sciences			
	Restricted Funds	-0-	11,610,000	-0-
011.	Construct Center for Creative Studies			
	Restricted Funds	-0-	10,193,000	-0-
012.	Improve Housing Facilities Pool			
	Restricted Funds	-0-	8,000,000	-0-
013.	IT Data Center Power Upgrade			
	Restricted Funds	-0-	8,000,000	-0-
014.	Purchase Computer Processing System			
	Restricted Funds	-0-	8,000,000	-0-
015.	Purchase Networking System			
	Restricted Funds	-0-	8,000,000	-0-
016.	Purchase Security and Firewall Infrastructure			
	Restricted Funds	-0-	8,000,000	-0-
017.	Purchase Research Computing Infrastructure			
	Restricted Funds	-0-	7,000,000	-0-
018.	Purchase Next Generation/ERP Support System			
	Restricted Funds	-0-	6,000,000	-0-

019. Accessibility Improvement Pool				
	Restricted Funds	-0-	5,000,000	-0-
020. Improve Elevator Systems Pool				
	Restricted Funds	-0-	5,000,000	-0-
021. Purchase Content Management System				
	Restricted Funds	-0-	4,000,000	-0-
022. Lease Digital Output System				
	Restricted Funds	-0-	2,500,000	-0-
023. Construct Physical Plant Space in Health Science Center Garage				
	Restricted Funds	-0-	2,440,000	-0-
024. Construct Soccer Stadium Practice Field				
	Restricted Funds	-0-	2,000,000	-0-
025. Construct Visitors Center				
	Restricted Funds	-0-	2,000,000	-0-
026. Purchase Electronic Video Boards				
	Other Funds	-0-	2,000,000	-0-
(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.				
027. Construct Athletic Grounds Building				
	Other Funds	-0-	1,550,000	-0-
(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.				
028. Resurface Track and Cardio Path				
	Other Funds	-0-	1,500,000	-0-
(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.				
029. Purchase Artificial Turf Field I				
	Other Funds	-0-	1,250,000	-0-
(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.				
030. Purchase Artificial Turf Field II				

Other Funds	-0-	1,250,000		-0-

(1) Authorization: The above authorization is approved pursuant to KRS 45.763.

031. Renovate Football Practice Field Lighting

Other Funds	-0-	780,000		-0-

(1) Authorization: The above authorization is approved pursuant to KRS 45.763.

032. Guaranteed Energy Savings Performance Contracts

033. Jefferson County - Clinic Space 1 - Lease

034. Jefferson County - Clinic Space 2 - Lease

035. Jefferson County - Clinic Space 3 - Lease

036. Jefferson County - Clinic Space -State of Kentucky - Lease

037. Master of Fine Arts - Lease

038. Med Center One - Lease

039. Med Center One - 2 - Lease

040. Nucleus 1 Building - Lease

041. Nucleus 1 Building - 2 - Lease

042. Jefferson County - Office Space 1 - Lease

043. Jefferson County - Office Space 2 - Lease

044. Jefferson County - Office Space 3 - Lease

045. Jefferson County - Office Space 4 - Lease

046. Academic Space 1 - Lease

047. Academic Space 2 - Lease

048. Research Space - State of Kentucky - Lease

049. Purchase Fiber Infrastructure

Restricted Funds	-0-	7,000,000		-0-

050. Renovate - Capital Renewal Pool (2016-2018)

Restricted Funds	-0-	35,000,000		-0-

051. Construct Residence Hall

		Other Funds	-0-	44,450,000	-0-
	(1)	**Authorization:** The above authorization is approved pursuant to KRS 45.763.			
	052.	Renovate Residence Halls			
		Agency Bonds	-0-	46,320,000	-0-
	053.	Construct Administrative Office Building			
		Restricted Funds	-0-	52,560,000	-0-
	054.	Expand - Papa John's Stadium/Football Complex			
		Agency Bonds	-0-	55,000,000	-0-
	055.	Renovate - Papa John's Stadium Seat Replacement			
		Other Funds	-0-	5,460,000	-0-
	(1)	**Authorization:** The above authorization is approved pursuant to KRS 45.763.			
10.	**WESTERN KENTUCKY UNIVERSITY**				
	001.	Renovate Garrett Conference Center			
		Agency Bonds	-0-	12,000,000	-0-
	002.	Construct Football Pressbox			
		Other Funds	-0-	5,000,000	-0-
	(1)	**Authorization:** The above authorization is approved pursuant to KRS 45.763.			
	003.	Renovate Center for Research and Development Phase I			
		Restricted Funds	-0-	6,000,000	-0-
	004.	Renovate Central Heat Plant			
		Restricted Funds	-0-	5,000,000	-0-
	005.	Upgrade IT Infrastructure			
		Restricted Funds	-0-	5,000,000	-0-
	006.	Construct Baseball Grandstand			
		Other Funds	-0-	4,500,000	-0-
	(1)	**Authorization:** The above authorization is approved pursuant to KRS 45.763.			
	007.	Renovate Art Lab/Museum			

	Restricted Funds	-0-	4,200,000	-0-
008.	Construct Track and Field Facilities Phase I			
	Other Funds	-0-	4,000,000	-0-
(1)	**Authorization:** The above authorization is approved pursuant to KRS 45.763.			
009.	Renovate Gordon Wilson Hall			
	Restricted Funds	-0-	4,000,000	-0-
010.	Acquire Equipment Diddle Arena			
	Other Funds	-0-	3,000,000	-0-
(1)	**Authorization:** The above authorization is approved pursuant to KRS 45.763.			
011.	Renovate Thompson Complex Center Wing			
	Restricted Funds	-0-	3,000,000	-0-
012.	Construct Science Gallery			
	Other Funds	-0-	2,500,000	-0-
(1)	**Authorization:** The above authorization is approved pursuant to KRS 45.763.			
013.	Construct South Plaza			
	Other Funds	-0-	2,500,000	-0-
(1)	**Authorization:** The above authorization is approved pursuant to KRS 45.763.			
014.	Major Items of Equipment Pool - 2016-2018			
	Restricted Funds	-0-	2,500,000	-0-
015.	Add Club Seating at Diddle Arena			
	Other Funds	-0-	2,200,000	-0-
(1)	**Authorization:** The above authorization is approved pursuant to KRS 45.763.			
016.	Construct Academic/Retail Space			
	Restricted Funds	-0-	2,000,000	-0-
017.	Design Environmental Science and Technology Hall Renovation			
	Restricted Funds	-0-	2,000,000	-0-
018.	Renovate International Center to Multicultural Center			

	Restricted Funds	-0-	1,500,000	-0-
019.	Renovate Foundation Building			
	Restricted Funds	-0-	1,200,000	-0-
020.	Renovate Tate Page Hall			
	Restricted Funds	-0-	1,200,000	-0-
021.	Design Agriculture Expo Center Renovation			
	Restricted Funds	-0-	1,000,000	-0-
022.	Renovate Jones Jaggers Interior			
	Restricted Funds	-0-	1,000,000	-0-
023.	Renovate Grise Hall Restrooms (ADA)			
	Restricted Funds	-0-	930,000	-0-
024.	Remove and Replace Student Housing at Farm			
	Restricted Funds	-0-	800,000	-0-
025.	Alumni Center - Lease			
026.	Guaranteed Energy Savings Performance Contracts			
027.	Nursing and Physical Therapy - Lease			
028.	Parking Garage - Lease			
029.	Construct Parking Structure III			
	Agency Bonds	-0-	10,000,000	-0-
030.	Purchase Property/Parking & Street Improvements 2016-18			
	Restricted Funds	-0-	3,000,000	-0-
031.	Purchase Property for Campus Expansion 2016-18			
	Restricted Funds	-0-	3,000,000	-0-
032.	Construct Parking Structure			
	Restricted Funds	-0-	10,000,000	-0-
033.	Renovate State/Normal Street Properties			
	Restricted Funds	-0-	1,500,000	-0-

11. KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM

(1) Conveyance of Property: The Kentucky Community and Technical College System may undertake a capital construction project under the provisions of Part I, K., 11., (3) of this Act.

001. Construct 3rd Floor Addition to Learning Resource Center - Madisonville CC

Restricted Funds	-0-	5,000,000	-0-

002. KCTCS Equipment Pool - 2016-2018

Restricted Funds	-0-	5,000,000	-0-

003. Renovate Learning Resource Center Building - Hopkinsville CC

Restricted Funds	-0-	4,900,000	-0-

004. Renovate Sullivan Technology Center - Henderson CC

Restricted Funds	-0-	4,900,000	-0-

005. Expansion of Fine Arts Center - Henderson CC

Restricted Funds	-0-	4,400,000	-0-

006. Renovate Student Center Building - Elizabethtown CTC

Restricted Funds	-0-	4,300,000	-0-

007. Renovate Administration Building Newtown Campus - Bluegrass CTC

Restricted Funds	-0-	3,800,000	-0-

008. Renovate Administration Building - Whitesburg - Southeast Kentucky CTC

Restricted Funds	-0-	3,800,000	-0-

009. Replace HVAC System Phase I - Owensboro CTC

Restricted Funds	-0-	3,500,000	-0-

010. Renovate Owensboro Downtown Campus - Owensboro CTC

Restricted Funds	-0-	3,000,000	-0-

011. Renovate Southeastern Campus - Owensboro CTC

	Restricted Funds	-0-	3,000,000	-0-
012.	Replace HVAC Units - Somerset CC South			
	Restricted Funds	-0-	2,200,000	-0-
013.	KCTCS CEMCS Upgrades Pool			
	Restricted Funds	-0-	2,000,000	-0-
014.	Renovations Main Campus - West Kentucky CTC			
	Restricted Funds	-0-	2,000,000	-0-
015.	Renovate Building for Skilled Crafts Training Center, Phase III - West Kentucky CTC			
	Restricted Funds	-0-	1,800,000	-0-
016.	Expansion of Welding Facility - Hopkinsville CC			
	Restricted Funds	-0-	1,600,000	-0-
017.	Acquire CPAT Center - Fire Commission Reauthorization ($1,500,000 Restricted Funds)			
018.	Install Sprinkler Systems - West Kentucky CTC			
	Restricted Funds	-0-	1,500,000	-0-
019.	Upgrade Welding Shop - Big Sandy CTC - Mayo Campus			
	Restricted Funds	-0-	1,500,000	-0-
020.	Construct Parking Lot and Lighting - Madisonville CC			
	Restricted Funds	-0-	1,300,000	-0-
021.	Construct New Entrance - Leestown - Bluegrass CTC			
	Restricted Funds	-0-	1,000,000	-0-
022.	Construct Second Entrance - Main - Madisonville CC			
	Restricted Funds	-0-	1,000,000	-0-
023.	Renovate Welding Lab - Maysville CTC			
	Restricted Funds	-0-	1,000,000	-0-
024.	Renovate Auditorium Building Roof - Hopkinsville CC			

	Restricted Funds	-0-	1,000,000	-0-
025.	Replace Fire Alarm and Security System - Maysville CTC			
	Restricted Funds	-0-	1,000,000	-0-
026.	Upgrade Safety and Security Systems - Hazard CTC			
	Restricted Funds	-0-	1,000,000	-0-
027.	Soil Stabilization Industrial Education Building - Hazard CTC - Additional Reauthorization ($1,650,000 Restricted Funds)			
	Restricted Funds	-0-	250,000	-0-
028.	Guaranteed Energy Savings Performance Contracts			
029.	Gateway CTC - Urban Campus - Lease			
030.	Jefferson CTC - Bullitt County Campus - Lease			
031.	Jefferson CTC - Jefferson Education Center - Lease			
032.	KCTCS System Office - Lease			
033.	Maysville CTC - Rowan Campus - Lease			
034.	Maysville CTC - Rowan County - Lease			
035.	Construct State Fire Rescue Training Area 7 Building			
	Restricted Funds	-0-	1,500,000	-0-
036.	Renovate Leestown Campus - Bluegrass CTC			
	Restricted Funds	-0-	6,000,000	-0-
037.	Upgrade Newtown Campus Buildings and Infrastructure - Bluegrass CTC			
	Restricted Funds	-0-	10,000,000	-0-
038.	Construct and/or Procure Fire Commission System Office Building			
	Restricted Funds	-0-	5,527,000	-0-
039.	KCTCS Property Acquisition Pool			
	Restricted Funds	-0-	10,000,000	-0-
040.	Acquisition of KCTCS System Office Building			

Restricted Funds	-0-	5,500,000	-0-

041. Pikeville Technology Center - Big Sandy CTC Reauthorization

($3,278,000 Federal Funds, $1,222,000 Restricted Funds)

K. PUBLIC PROTECTION CABINET

Budget Units	2016-17	2017-18

1. ALCOHOLIC BEVERAGE CONTROL

001. Franklin County - Lease

2. FINANCIAL INSTITUTIONS

001. Franklin County - Lease

3. HOUSING, BUILDINGS AND CONSTRUCTION

001. Franklin County - Lease

4. INSURANCE

001. Franklin County - Lease

L. TOURISM, ARTS AND HERITAGE CABINET

Budget Units	2015-16	2016-17	2017-18

1. PARKS

001. Maintenance Pool - 2016-2018

Bond Funds	-0-	3,800,000	3,800,000

002. Life Safety Maintenance Pool

Bond Funds	-0-	5,000,000	-0-

(1) Permitted Use of Funds: The Bond Funds appropriation for the above project shall be used exclusively for electrical, safety, and emergency maintenance upgrades in state parks.

2. HORSE PARK COMMISSION

001. Maintenance Pool - 2016-2018

Investment Income	-0-	575,000	575,000

3. STATE FAIR BOARD

001. Kentucky Exposition Center Roof Repair				
	Restricted Funds	-0-	4,322,000	-0-
	Bond Funds	-0-	8,000,000	-0-
	TOTAL	-0-	12,322,000	-0-
4. FISH AND WILDLIFE RESOURCES				
001. Fees-in-Lieu-of Stream Mitigation Projects Pool				
	Restricted Funds	-0-	20,000,000	20,000,000
002. Camp Currie Dining Hall Construction				
	Restricted Funds	-0-	1,400,000	-0-
	Federal Funds	-0-	855,000	-0-
	Other Funds	-0-	1,245,000	-0-
	TOTAL	-0-	3,500,000	-0-
003. FILO Office Space				
	Restricted Funds	1,050,000	-0-	-0-
5. KENTUCKY CENTER FOR THE ARTS				
001. Maintenance Pool - 2016-2018				
	Investment Income	-0-	160,000	160,000

PART III

GENERAL PROVISIONS

1. **Funds Designations:** Restricted Funds designated in the biennial budget bills are classified in the state financial records and reports as the Agency Revenue Fund, State Enterprise Funds (State Parks, State Fair Board, Insurance Administration, and Kentucky Horse Park), Internal Services Funds (Fleet Management, Computer Services, Correctional Industries, Central Printing, Risk Management, and Property Management), and selected Fiduciary Funds (Other Expendable Trust Funds). Separate funds records and reports shall be maintained in a manner consistent with the branch budget bills.

The sources of Restricted Funds appropriations in this Act shall include all fees

(which includes fees for room and board, athletics, and student activities) and rentals, admittances, sales, bond proceeds, licenses collected by law, gifts, subventions, contributions, income from investments, and other miscellaneous receipts produced or received by a budget unit, except as otherwise specifically provided, for the purposes, use, and benefit of the budget unit as authorized by law. Restricted Funds receipts shall be credited and allotted to the respective fund or account out of which a specified appropriation is made in this Act. All receipts of Restricted Funds shall be deposited in the State Treasury and credited to the proper account as provided in KRS Chapters 12, 42, 45, and 48.

The sources of Federal Funds appropriations in this Act shall include federal subventions, grants, contracts, or other Federal Funds received, income from investments, other miscellaneous federal receipts received by a budget unit, and the Unemployment Compensation Fund, except as otherwise provided, for the purposes, use, and benefit of the budget unit as authorized by law. Federal Funds receipts shall be credited and allotted to the respective fund account out of which a specified appropriation is made in this Act. All Federal Funds receipts shall be deposited in the State Treasury and credited to the proper account as provided in KRS Chapters 12, 42, 45, and 48.

2. **Expenditure of Excess Restricted Funds or Federal Funds Receipts:** If receipts received or credited to the Restricted Funds accounts or Federal Funds accounts of a budget unit during fiscal year 2016-2017 or fiscal year 2017-2018, and any balance forwarded to the credit of these same accounts from the previous fiscal year, exceed the appropriation made by specific sum for these accounts of the budget unit as provided in Part I, Operating Budget, of this Act, for the fiscal year in which the excess occurs, the excess funds in the accounts of the budget unit shall become available for expenditure for the purpose of the account during the fiscal year only upon compliance with the conditions and procedures specified in KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.730, and 48.800, and with the authorization of the State Budget

Director and approval of the Secretary of the Finance and Administration Cabinet.

Prior to authorizing the appropriation of any excess, unbudgeted Restricted Funds pursuant to this section, the State Budget Director and the Secretary of the Finance and Administration Cabinet shall review the adequacy of the General Fund Surplus Account with respect to its availability to support authorized expenditures from the General Fund Surplus Account, known as Necessary Government Expenses. If General Fund Surplus Account moneys are determined by this review to be adequate to meet known or anticipated Necessary Government Expenses during fiscal year 2016-2017 or fiscal year 2017-2018, respectively, then the appropriation increase may be approved. If the review indicates that there are insufficient funds available or reasonably estimated to become available to the General Fund Surplus Account to meet known or projected Necessary Government Expenses for the fiscal years enumerated above, the State Budget Director and the Secretary of the Finance and Administration Cabinet may disapprove the request for additional Restricted Funds expenditure authority and may direct the excess Restricted Funds identified to the General Fund Surplus Account in order to meet Necessary Government Expense obligations. The results of any review shall be reported to the Interim Joint Committee on Appropriations and Revenue in accordance with KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.730, and 48.800.

Any request made by a budget unit pursuant to KRS 48.630 that relates to Restricted Funds or Federal Funds shall include documentation showing a comparative statement of revised estimated receipts by fund source and the proposed expenditures by proposed use, with the appropriated sums specified in the Budget of the Commonwealth, and statements which explain the cause, source, and use for any variances which may exist.

Each budget unit shall submit its reports in print and electronic format consistent with the Restricted Funds and Federal Funds records contained in the fiscal biennium 2016-2018 Branch Budget Request Manual and according to the following schedule in

each fiscal year: (a) On or before the beginning of each fiscal year; (b) On or before October 1; (c) On or before January 1; and (d) On or before April 1.

3. Interim Appropriation Increases: No appropriation from any fund source shall exceed the sum specified in this Act until the agency has documented the necessity, purpose, use, and source, and the documentation has been submitted to the Interim Joint Committee on Appropriations and Revenue for its review and action in accordance with KRS 48.630. Proposed revisions to an appropriation contained in the enacted Executive Budget or allotment of an unbudgeted appropriation shall conform to the conditions and procedures of KRS 48.630 and this Act.

Notwithstanding KRS 48.630(3), (4), and (5), any proposed and recommended actions to increase appropriations for funds specified in Section 2. of this Part shall be scheduled consistent with the timetable contained in that section in order to provide continuous and timely budget information.

4. Revision of Appropriation Allotments: Allotments within appropriated sums for the activities and purposes contained in the enacted Executive Budget~~[shall conform to KRS 48.610 and]~~ may be revised~~[pursuant to KRS 48.605 and this Act]~~.

5. Appropriations Expenditure Purpose and Transfer Restrictions: Funds appropriated in this Act shall not be expended for any purpose not specifically authorized by the General Assembly in this Act nor shall funds appropriated in this Act be transferred to or between any cabinet, department, board, commission, institution, agency, or budget unit of state government unless specifically authorized by the General Assembly in this Act and KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810.~~[Compliance with the provisions of this section shall be reviewed and determined by the Interim Joint Committee on Appropriations and Revenue.]~~

6. Permitted Appropriation Obligations: No state agency, cabinet, department, office, or program shall incur any obligation against the General Fund or

Road Fund appropriations contained in this Act unless the obligation may be reasonably determined to have been contemplated in the enacted budget and is based upon supporting documentation considered by the General Assembly and legislative and executive records.

7. Lapse of General Fund or Road Fund Appropriations Supplanted by Federal Funds: Any General Fund or Road Fund appropriation made in anticipation of a lack, loss, or reduction of Federal Funds shall lapse to the General Fund or Road Fund Surplus Account, respectively, to the extent the Federal Funds otherwise become available.

8. Federally Funded Agencies: A state agency entitled to Federal Funds, which would represent 100 percent of the cost of a program, shall conform to KRS 48.730.

9. Lapse of Road Fund Excess Debt Service Appropriations: Pursuant to KRS 48.720, any excess Road Fund debt service shall lapse to the Road Fund surplus account unless otherwise directed in this Act.

10. Statutes in Conflict: All statutes and portions of statutes in conflict with any of the provisions of this Act, to the extent of the conflict, are suspended unless otherwise provided by this Act.

11. Construction of Budget Provisions on Statutory Budget Administration Powers and Duties: Nothing in this Act is to be construed as amending or altering Chapters 42, 45, and 48 of the Kentucky Revised Statutes pertaining to the duties and powers of the Secretary of the Finance and Administration Cabinet except as otherwise provided in this Act.

12. Interpretation~~[of Appropriations]~~**:** All questions that arise in interpreting~~[any appropriation in]~~ this Act~~[as to the purpose or manner for which the appropriation may be expended]~~ shall be decided by the Secretary of the Finance and Administration Cabinet pursuant to KRS 48.500, and the decision of the Secretary of the Finance and Administration Cabinet shall be final and conclusive.

13. Publication of the Budget of the Commonwealth: The State Budget Director shall cause the Governor's Office for Policy and Management, within 60 days of adjournment of the 2016 Regular Session of the General Assembly, to publish a final enacted budget document, styled the Budget of the Commonwealth, based upon the Legislative Budget, Executive Budget, Transportation Cabinet Budget, and Judicial Budget as enacted by the 2016 Regular Session, as well as other Acts which contain appropriation provisions for the 2016-2018 fiscal biennium, and based upon supporting documentation and legislative records as considered by the 2016 Regular Session. This document shall include, for each agency and budget unit, a consolidated budget summary statement of available regular and continuing appropriated revenue by fund source, corresponding appropriation allocations by program or subprogram as appropriate, budget expenditures by principal budget class, and any other fiscal data and commentary considered necessary for budget execution by the Governor's Office for Policy and Management and oversight by the Interim Joint Committee on Appropriations and Revenue. The enacted Executive Budget and Transportation Cabinet Budget shall be revised or adjusted only upon approval by the Governor's Office for Policy and Management as provided in each Part of this Act and by KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810, and upon review and action by the Interim Joint Committee on Appropriations and Revenue.

14. State Financial Condition: Pursuant to KRS 48.400, the State Budget Director shall monitor and report on the financial condition of the Commonwealth.

15. Prorating Administrative Costs: The Secretary of the Finance and Administration Cabinet is authorized to establish a system or formula or a combination of both for prorating the administrative costs of the Finance and Administration Cabinet, the Department of the Treasury, and the Office of the Attorney General relative to the administration of programs in which there is joint participation by the state and federal

governments for the purpose of receiving the maximum amount of participation permitted under the appropriate federal laws and regulations governing the programs. The receipts and allotments under this section shall be reported to the Interim Joint Committee on Appropriations and Revenue prior to any transfer of funds.

16. Construction of Budget Provisions Regarding Executive Reorganization Orders: Nothing in this Act shall be construed to confirm or ratify, under KRS 12.027 or 12.028, any executive reorganization order unless the executive order was confirmed or ratified by appropriate amendment to the Kentucky Revised Statutes in another Act of the 2016 Regular Session of the General Assembly.

17. Budget Planning Report: By August 15, 2017, the State Budget Director, in conjunction with the Consensus Forecasting Group, shall provide to each branch of government, pursuant to KRS 48.120, a budget planning report.

18. Tax Expenditure Revenue Loss Estimates: By November 30, 2017, the Office of State Budget Director shall provide to each branch of government detailed estimates for the General Fund and Road Fund for the current and next two fiscal years of the revenue loss affected by tax expenditures. The Department of Revenue shall provide assistance and furnish data which is not restricted by KRS 131.190. "Tax expenditure" as used in this section means an exemption, exclusion, or deduction from the base of a tax, a credit against the tax, a deferral of a tax, or a preferential tax rate. The estimates shall include for each tax expenditure the amount of revenue loss, a citation of the legal authority for the tax expenditure, the year in which it was enacted, and the tax year in which it became effective.

19. Duplicate Appropriations: Any appropriation item and sum in Parts I to X of this Act and in an appropriation provision in any Act of the 2016 Regular Session which constitutes a duplicate appropriation shall be governed by KRS 48.312.

20. Priority of Individual Appropriations: KRS 48.313 shall control when a total or subtotal figure in this Act conflicts with the sum of the appropriations of which it

consists.

21. Severability of Budget Provisions: Appropriation items and sums in Parts I to X of this Act shall conform to KRS 48.311. If any section, any subsection, or any provision is found by a court of competent jurisdiction in a final, unappealable order to be invalid or unconstitutional, the decision of the courts shall not affect or impair any of the remaining sections, subsections, or provisions.

22. Unclaimed Lottery Prize Money: For fiscal year 2016-2017 and fiscal year 2017-2018, all unclaimed lottery prize money under KRS 154A.110(3) shall be credited to the Kentucky Educational Excellence Scholarship Reserve Account to be held as a subsidiary account within the Finance and Administration Cabinet for the purpose of funding the KEES Program as appropriated in this Act. If the Kentucky Higher Education Assistance Authority certifies to the State Budget Director that the appropriations in this Act for the KEES Program under the existing award schedule are insufficient to meet funds required for eligible applicants, then the State Budget Director shall provide the necessary allotment of funds in the balance of the KEES Reserve Account to fund the KEES Program. Actions taken under this section shall be reported to the Interim Joint Committee on Appropriations and Revenue on a timely basis.

23. Workers' Compensation: Notwithstanding KRS 342.340(1) or any other provision of law, public sector self-insured employers are not required to deposit funds as security, indemnity, or bond to secure the payment of compensation liabilities, provided that each public sector employer has the authority to impose taxes or raise tuition in an amount sufficient to recoup payments of compensation liabilities as they are incurred. Notwithstanding KRS 342.340(1) and 803 KAR 25:021, Section 5, the Personnel Cabinet shall be exempt from procuring excess risk insurance in fiscal year 2016-2017 and fiscal year 2017-2018 for the Workers' Compensation Benefits and Reserve program administered by the Cabinet.

24. Premium and Retaliatory Taxes: Notwithstanding KRS 304.17B-021(4)(d),

premium taxes collected under KRS Chapter 136 from any insurer and retaliatory taxes collected under KRS 304.3-270 from any insurer shall be credited to the General Fund.

25. Carry Forward and Undesignated General Fund and Road Fund Carry Forward: Notwithstanding KRS 48.700, 48.705, and other Parts of this Act, the Secretary of the Finance and Administration Cabinet shall determine and certify, within 30 days of the close of fiscal year 2015-2016 and fiscal year 2016-2017, the actual amount of undesignated balance of the General Fund and the Road Fund for the year just ended. The amounts from the undesignated fiscal year 2015-2016 and fiscal year 2016-2017 General Fund and Road Fund balances that are designated and carried forward for budgeted purposes in the 2016-2018 fiscal biennium shall be determined by the State Budget Director during the close of the respective fiscal year and shall be reported to the Interim Joint Committee on Appropriations and Revenue within 30 days of the close of the fiscal year. Any General Fund undesignated balance in excess of the amount designated for budgeted purposes under this section shall be made available for the General Fund Surplus Expenditure Plan contained in Part VII of this Act unless otherwise provided in this Act. The Road Fund undesignated balance in excess of the amount designated for budgeted purposes under this section shall be made available for the Road Fund Surplus Expenditure Plan contained in Part IX of this Act unless otherwise provided in this Act.

26. Reallocation of Appropriations Among Budget Units: The Executive Branch shall operate within the appropriations authorized in this Act for each budget unit as prescribed by KRS 48.400 to 48.730, subject to the conditions and procedures stated in this section or other Parts of this Act.

The Secretary of a Cabinet, the Commissioner of the Department of Education, and other agency heads may request a reallocation among budget units under his or her administrative authority of~~[up to ten percent of]~~ General Fund appropriations contained in Part I, Operating Budget, of this Act for fiscal years 2016-2017 and 2017-2018 for

approval by the State Budget Director. A request shall explain the need and use for the transfer authority under this section.

The amount of transfer of General Fund appropriations shall be separately recorded and reported in the system of financial accounts and reports provided in KRS Chapter 45.

The State Budget Director shall report a transfer made under this section, in writing, to the Interim Joint Committee on Appropriations and Revenue at least 30 days prior to the proposed transfer. The Committee shall review the transfer in the same manner and procedure as provided for an interim unbudgeted appropriation action under KRS 48.630.

27. Kentucky Permanent Pension Fund: Notwithstanding KRS 18A.2254(3), $125,000,000 in fiscal year 2017-2018 shall be transferred to the Kentucky Permanent Pension Fund from the Public Employee Health Insurance Trust Fund. These funds represent a portion of excess prior health insurance plan years and are not needed to fulfill health insurance claims payments for any prior plan year. These funds shall not be expended or appropriated without the express authority within an enacted biennial budget. Expenditures, up to $3,000,000, for a performance audit of state-administered retirement systems during the 2016-2018 fiscal biennium shall be paid from the Kentucky Permanent Pension Fund.

28. Budget Implementation: The General Assembly directs that the Executive Branch shall carry out all~~[appropriations and]~~ budgetary language provisions as contained in the State/Executive Budget.~~[The Legislative Research Commission shall review quarterly expenditure data to determine if an agency is out of compliance with this directive. If the Legislative Research Commission suspects that any entity has acted in non-conformity with this section, the Legislative Research Commission may order an audit or review at the agency's expense. Such audit findings, reviews, and reports shall be subject to the Kentucky Open Records Law.]~~

29. Information Technology: All authorized computer information technology projects shall submit a semiannual progress report to the Capital Projects and Bond

Oversight Committee. The reporting process shall begin six months after the project is authorized and shall continue through completion of the project. The initial report shall establish a timeline for completion and cash disbursement schedule. Each subsequent report shall update the timeline and budgetary status of the project and explain in detail any issues with completion date and funding.

30. Equipment Service Contracts and Energy Efficiency Measures: The General Assembly mandates that the Finance and Administration Cabinet review all equipment service contracts to maximize savings to the Commonwealth to strictly adhere to the provisions of KRS 56.722, 56.782, and 56.784 in maximizing the use of energy efficiency measures.

31. Debt Restructuring: Notwithstanding any other provision of the Kentucky Revised Statutes, no General Fund or Road Fund debt restructuring transactions shall be undertaken during the 2016-2018 fiscal biennium.

32. Unexpended Debt Service: Notwithstanding KRS 48.720, any General Fund moneys appropriated for debt service in fiscal years 2016-2017 and 2017-2018 that are not expended specifically for debt service shall be transferred to the Budget Reserve Trust Fund Account (KRS 48.705).

33. Effects of Subsequent Legislation: If any measure enacted during the 2016 Regular Session of the General Assembly subsequent to this Act contains an appropriation or is projected to increase or decrease General Fund revenues, the amount in the Budget Reserve Trust Fund shall be revised to accommodate the appropriation or the reduction or increase in projected revenues. Notwithstanding any provision of KRS 48.120(4) and (5) to the contrary, the official enacted revenue estimates of the Commonwealth described in KRS 48.120(5) shall be adjusted at the conclusion of the 2016 Regular Session of the General Assembly to incorporate any projected revenue increases or decreases that will occur as a result of actions taken by the General Assembly subsequent to the passage of this Act by both chambers.

34. Permitted Use of Water and Sewer Bond Funds: Notwithstanding Part II, (3) of this Act and any statute to the contrary, any balances remaining for either closed or open project grant agreements authorized pursuant to bond pools set forth in 2003 Ky. Acts ch. 156, Part II, A., 3., d. Water and Sewer Resources Development Fund for Tobacco Counties and e. Water and Sewer Resources Development Fund For Coal Producing Counties, 2005 Ky. Acts ch. 173, Part II, A., 3., 003. Infrastructure for Economic Development Fund for Coal-Producing Counties and 004. Infrastructure for Economic Development Fund for Tobacco Counties, 2006 Ky. Acts ch. 252, Part II, A., 2., 003. Infrastructure for Economic Development Fund for Non-Coal Producing Counties and 004. Infrastructure for Economic Development Fund for Coal-Producing Counties, 2008 Ky. Acts ch. 123, Section 3., 004. Infrastructure for Economic Development Fund for Coal-Producing Counties and 005. Infrastructure for Economic Development Fund for Non-Coal Producing Counties, and 2008 Ky. Acts ch. 174, Section 2. and 2009 Ky. Acts ch. 87, Section 2. shall not lapse and shall remain to the credit of projects previously authorized by the General Assembly unless expressly reauthorized and reallocated by action of the General Assembly.

35. Contingent Appropriation of Excess Lottery Revenues: Based on the official estimates of the Consensus Forecasting Group, lottery receipts are estimated to be $232,000,000 in fiscal year 2015-2016, $236,000,000 in fiscal year 2016-2017, and $241,000,000 in fiscal year 2017-2018. If lottery receipts received by the Commonwealth, excluding any unclaimed lottery prize money received under Section 22. of this Part, exceed the official estimate in any fiscal year, the first $5,000,000 in unanticipated lottery receipts during the 2016-2018 fiscal biennium shall be transferred to the General Fund, and any unanticipated lottery receipts above $5,000,000 during the 2016-2018 fiscal biennium shall be transferred to the Kentucky Higher Education Assistance Authority and appropriated in accordance with KRS 154A.130(4)(b).

36. Funds Recovered Through Litigation: Pursuant to KRS 48.005, funds

recovered by the Attorney General through litigation on behalf of the Commonwealth shall be transferred to the General Fund Surplus Account (KRS 48.700). The Attorney General may only retain funds for reasonable litigation costs and required consumer restitution.

PART IV

STATE SALARY/COMPENSATION, BENEFIT, AND EMPLOYMENT POLICY

1. **Authorized Personnel Complement:** On July 1, 2016, the Personnel Cabinet and the Office of State Budget Director shall establish a record for each budget unit of authorized permanent full-time and other positions based upon the enacted Executive Budget of the Commonwealth and any adjustments authorized by provisions in this Act. The total number of filled permanent full-time and all other positions shall not exceed the authorized complements pursuant to this section. An agency head may request an increase in the number of authorized positions to the State Budget Director. Upon approval, the Secretary of the Personnel Cabinet may authorize the employment of individuals in addition to the authorized complement. A report of the actions authorized in this section shall be provided to the Interim Joint Committee on Appropriations and Revenue on a monthly basis.

2. **Salary Adjustments:** Notwithstanding KRS 18A.355 and 156.808(6)(e) and (12), no increment is provided in either fiscal year on the base salary or wages of each eligible state employee on their anniversary date.

3. **Monthly Per Employee Health Insurance Benefits Assessment:** The Personnel Cabinet shall collect a benefits assessment per month per employee eligible for health insurance coverage in the state group for duly authorized use by the Personnel Cabinet in administering its statutory and administrative responsibilities, including but not limited to administration of the Commonwealth's health insurance program.

4. **Employee Cross-Reference:** The Personnel Cabinet may permit married couples who are both eligible to participate in the state health insurance plan to be

covered under one family health benefit plan.

5. Full-Time Positions: Notwithstanding KRS 18A.005(18)(a), full-time positions in the state parks, where the work assigned is dependent upon fluctuation in tourism, may be assigned work hours from 25 hours per week and remain in full-time positions.

6. Employer Retirement Contribution Rates: Notwithstanding KRS 61.565 and 61.702, the employer contribution rates for Kentucky Employees Retirement Systems from July 1, 2016, through June 30, 2017, shall be 48.59 percent, consisting of 40.24 percent for pension and 8.35 percent for insurance for nonhazardous duty employees and 23.82 percent, consisting of 21.08 percent for pension and 2.74 percent for insurance for hazardous duty employees; for the same period the employer contribution for employees of the State Police Retirement System shall be 89.21 percent, consisting of 70.34 percent for pension and 18.87 percent for insurance. Notwithstanding KRS 61.565 and 61.702, the employer contribution rates for Kentucky Employees Retirement Systems from July 1, 2017, through June 30, 2018, shall be 49.47 percent, consisting of 41.06 percent for pension and 8.41 percent for insurance for nonhazardous duty employees and 23.70 percent, consisting of 21.44 percent for pension and 2.26 percent for insurance for hazardous duty employees; for the same period the employer contribution for employees of the State Police Retirement System shall be 91.24 percent, consisting of 72.47 percent for pension and 18.77 percent for insurance. The rates above apply to wages and salaries earned for work performed during the described period regardless of when the employee is paid for the time worked.

7. Issuance of Paychecks to State Employees: Notwithstanding 101 KAR 2:095, Section 10, the state payroll that would normally be scheduled to be paid on June 30, 2017, and June 30, 2018, shall not be issued prior to July 1, 2017, and July 1, 2018.

8. Health Care Spending Account: Notwithstanding KRS 18A.2254(2)(a) and (b), if a public employee waives coverage provided by his or her employer under the

Public Employee Health Insurance Program, the employer shall forward a monthly amount to be determined by the Secretary of the Personnel Cabinet for that employee as an employer contribution to a health reimbursement account or a health flexible spending account, but not less than $175 per month, subject to any conditions or limitations imposed by the Secretary of the Personnel Cabinet to comply with applicable federal law. The administrative fees associated with a health reimbursement account or health flexible spending account shall be an authorized expense to be charged to the Public Employee Health Insurance Trust Fund.

PART V

FUNDS TRANSFER

The General Assembly finds that the financial condition of state government requires the following action.

Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2016-2017 and fiscal year 2017-2018:

	2015-16	2016-17	2017-18
A. GENERAL GOVERNMENT			
1. Secretary of State			
Agency Revenue Fund	-0-	1,000,000	1,000,000
2. Agriculture			
Agency Revenue Fund	-0-	1,500,000	-0-
(KRS 217.570)			
3. School Facilities Construction Commission			
Agency Revenue Fund	-0-	2,396,400	-0-
(KRS 157.618)			
B. ECONOMIC DEVELOPMENT CABINET			
1. Economic Development			

Other Special Revenue Fund	-0-	200,000	200,000

C. ENERGY AND ENVIRONMENT CABINET

1. Secretary

Kentucky Heritage Land			
Conservation Fund	-0-	2,500,000	2,500,000
(KRS 146.570)			

These funds transfers to the General Fund shall not include any receipts derived from the sale of the Nature License Plate.

2. Secretary

Kentucky Pride Trust Fund	-0-	2,006,300	2,006,300

Pursuant to KRS 224.43-505(2)(a)3., these funds transfers to the General Fund support the General Fund debt service on the bonds sold as appropriated by 2003 Ky. Acts ch. 156, Part II, A., 3., c.

3. Environmental Protection

Insurance Administration Fund	-0-	8,900,000	8,000,000
(KRS 224.60-130, 224.60-140, 224.60-145, and 224.60-150)			

D. FINANCE AND ADMINISTRATION CABINET

1. General Administration

Agency Revenue Fund	-0-	1,000,000	-0-

2. General Administration

Fleet Management Fund	-0-	6,000,000	6,000,000

3. Facilities and Support Services

Agency Revenue Fund	-0-	300,000	-0-

4. Facilities and Support Services

Property Management Fund	-0-	208,100	208,100

5. Commonwealth Office of Technology

Computer Services Fund	1,960,000	8,000,000	8,000,000

E. HEALTH AND FAMILY SERVICES CABINET

1. General Administration and Program Support

Malt Beverage Education Fund	-0-	500,000	500,000

2. Commission for Children with Special Health Care Needs

Agency Revenue Fund	-0-	1,000,000	-0-

F. JUSTICE AND PUBLIC SAFETY CABINET

1. Juvenile Justice

Program Operations Fund	-0-	1,500,000	1,500,000

G. PERSONNEL CABINET

1. General Operations

Agency Revenue Fund	-0-	2,692,600	2,692,600

These fund transfers to the General Fund support General Fund debt service on bonds sold for the new Personnel/Payroll system.

2. General Operations

Enterprise Fund	-0-	187,500,000	187,500,000
KRS 18A.2254(3)			

The funds transfers of $187,500,000 in fiscal year 2016-2017 and $187,500,000 in fiscal year 2017-2018 partially support employer retirement contributions.

~~[3. Workers' Compensation Benefits and Reserve~~

~~Workers' Compensation Benefits and Reserve~~	~~-0-~~	~~-0-~~	~~1,250,000~~
~~KRS 18A.375(3)~~			

~~Agency Revenue Fund]~~

H. PUBLIC PROTECTION CABINET

1. Alcoholic Beverage Control

Agency Revenue Fund	-0-	300,000	300,000

	(KRS 243.025(3))			
2.	**Financial Institutions**			
	Agency Revenue Fund	-0-	5,500,000	5,500,000
	(KRS 286.1-485)			
3.	**Insurance**			
	Agency Revenue Fund	-0-	25,050,000	25,050,000
	(KRS 304.2-300 and 304.2-400)			
TOTAL - FUNDS TRANSFER		1,960,000	258,053,400	252,207,000

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 $10,616,375,000 in fiscal year 2016-2017 and $10,874,400,000 in fiscal year 2017-2018, as determined by KRS 48.120 and modified by related Acts and actions of the General Assembly in an extraordinary or regular session. Notwithstanding KRS 48.130, direct services, obligations essential to the minimum level of constitutional functions, and other items that may be specified in this Act, are exempt from the requirements of this Plan. Each branch head shall prepare a specific plan to address the proportionate share of the General Fund revenue shortfall applicable to the respective branch.~~[No budget revision action shall be taken by a branch head in excess of the actual or projected revenue shortfall.]~~

The Governor, the Chief Justice, and the Legislative Research Commission shall direct and implement reductions in allotments and appropriations only for their respective branch budget units as may be necessary, as well as take other measures which shall be consistent with the provisions of this Part and biennial branch budget bills.

Notwithstanding KRS 48.130(4)(a) and (b), in the event of a revenue shortfall of

five percent or less, General Fund budget reduction actions shall be implemented in the following sequence:

(1) The Local Government Economic Assistance and the Local Government Economic Development Funds shall be adjusted by the Secretary of the Finance and Administration Cabinet to equal revised estimates of receipts pursuant to KRS 42.4582 as modified by the provisions of this Act;

(2) Transfers of excess unappropriated Restricted Funds, notwithstanding any statutes to the contrary, other than fiduciary funds, to the General Fund shall be applied as determined by the head of each branch for its respective budget units.~~[No transfers to the General Fund shall be made from the following:~~

~~(a) Local Government Economic Assistance and Local Government Economic Development Funds;~~

~~(b) Unexpended debt service from the Tobacco Settlement Phase I Funds, including but not limited to unexpended debt service and the Tobacco Unbudgeted Interest Income Rural Development Trust Fund, in either fiscal year;~~

~~(c) Tobacco Unbudgeted Interest Income Rural Development Trust Fund; and~~

~~(d) Multi County Coal Severance Fund;~~

~~(3) Any unanticipated Phase I Master Settlement Agreement revenues in both fiscal years shall be appropriated according to KRS 248.654;]~~

(4) Use of the unappropriated balance of the General Fund surplus shall be applied;

~~[(5) Any language provision that expresses legislative intent regarding a specific appropriation shall not be reduced by a greater percentage than the reduction to the General Fund appropriation for that budget unit;]~~

(6) Reduce General Fund appropriations in Executive Branch agencies' operating budget units by a sufficient amount to balance either fiscal year. No reductions of General Fund appropriations shall be made from the Local Government Economic Assistance

Fund or the Local Government Economic Development Fund;

~~[(7) Notwithstanding subsection (10) of this Part, no reductions shall be made to the Constitutional Officers or their offices, Commonwealth's Attorneys or their offices, or County Attorneys or their offices. The Governor may request their participation in a budget reduction; however, the level of participation shall be at the discretion of the Constitutional Officer, or the Prosecutors Advisory Council;]~~

(8) Excess General Fund appropriations which accrue as a result of personnel vacancies and turnover, and reduced requirements for operating expenses, grants, and capital outlay shall be determined and applied by the heads of the executive, judicial, and legislative departments of state government for their respective branches. The branch heads shall certify the available amounts which shall be applied to budget units within the respective branches and shall promptly transmit the certification to the Secretary of the Finance and Administration Cabinet and the Legislative Research Commission. The Secretary of the Finance and Administration Cabinet shall execute the certified actions as transmitted by the branch heads.

Branch heads shall take care, by their respective actions, to protect, preserve, and advance the fundamental health, safety, legal and social welfare, and educational well-being of the citizens of the Commonwealth;

(9) Funds available in the Budget Reserve Trust Fund shall be applied in an amount not to exceed 25 percent of the Trust Fund balance in fiscal year 2016-2017 and 50 percent in fiscal year 2017-2018; and

(10) Pursuant to KRS 48.130 and 48.600, if the actions contained in subsections (1) to (6) of this Part are insufficient to eliminate an actual or projected General Fund revenue shortfall, then the Governor is empowered and directed to take necessary actions with respect to the Executive Branch budget units to balance the budget by such actions conforming with the criteria expressed in this Part.

PART VII

GENERAL FUND SURPLUS EXPENDITURE PLAN

(1) Notwithstanding KRS 48.130(7), 48.140(3), 48.700, and 48.705, there is established a plan for the expenditure of General Fund surplus moneys pursuant to a General Fund Surplus Expenditure Plan contained in this Part for fiscal years 2016-2017 and 2017-2018. Pursuant to the enactment of the Surplus Expenditure Plan, General Fund moneys made available for the General Fund Surplus Expenditure Plan pursuant to Part III, General Provisions, Section 24, of this Act are appropriated to the following:

(a) Authorized expenditures without a sum-specific appropriation amount, known as Necessary Government Expenses, including but not limited to Emergency Orders formally declared by the Governor in an Executive Order;

(b) For fiscal year 2016-2017:

1. Half of the remaining amount to the Budget Reserve Trust Fund; and

2. Half of the remaining amount to the Kentucky Permanent Pension Fund; and

(c) For fiscal year 2017-2018:

1. Half of the remaining amount to the Budget Reserve Trust Fund;

2. 25 percent of the remaining amount to the Kentucky Teachers' Retirement System's unfunded pension liability; and

3. 25 percent of the remaining amount to the Kentucky Employees Retirement System nonhazardous pension fund.

(2) The Secretary of the Finance and Administration Cabinet shall determine, within 30 days after the close of fiscal year 2015-2016, and the close of fiscal year 2016-2017, based on the official financial records of the Commonwealth, the amount of actual General Fund undesignated fund balance for the General Fund Surplus Account that may be available for expenditure pursuant to the Plan respectively in fiscal year 2016-2017 and fiscal year 2017-2018. The Secretary of the Finance and Administration Cabinet shall certify to the Legislative Research Commission the amount of actual General Fund undesignated fund balance available for expenditure.

PART VIII

ROAD FUND BUDGET REDUCTION PLAN

There is established a Road Fund Budget Reduction Plan for fiscal year 2016-2017 and fiscal year 2017-2018. Notwithstanding KRS 48.130(1) and (3) relating to statutory appropriation adjustments related to the revenue sharing of motor fuels taxes, in the event of an actual or projected revenue shortfall in Road Fund revenue receipts of $1,456,900,000 in fiscal year 2016-2017 and $1,478,200,000 in fiscal year 2017-2018 as determined by KRS 48.120 and modified by related Acts and actions of the General Assembly in an extraordinary or regular session, the Governor shall implement sufficient reductions as may be required to protect the highest possible level of service.

PART IX

ROAD FUND SURPLUS EXPENDITURE PLAN

Notwithstanding KRS 48.110, 48.140, and 48.710, there is established a plan for the expenditure of the Road Fund Surplus Account. All moneys in the Road Fund Surplus Account shall be appropriated in the State Construction Account within the Highways budget unit and utilized to support projects in the fiscal biennium 2016-2018 Biennial Highway Construction Program.

PART X

PHASE I TOBACCO SETTLEMENT

(1) **General Purpose:** This Part prescribes the policy implementing aspects of the national settlement agreement between the tobacco industry and the collective states as described in KRS 248.701 to 248.727. In furtherance of that agreement, the General Assembly recognizes that the Commonwealth of Kentucky is a party to the Phase I Master Settlement Agreement (MSA) between the Participating Tobacco Manufacturers and 46 Settling States which provides reimbursement to states for smoking-related expenditures made over time.

(2) **State's MSA Share:** The Commonwealth's share of the MSA is equal to

1.7611586 percent of the total settlement amount. Payments under the MSA are made to the states annually in April of each year.

(3) MSA Payment Amount Variables: The total settlement amount to be distributed each payment date is subject to change pursuant to several variables provided in the MSA, including inflation adjustments, volume adjustments, previously settled states adjustments, and the nonparticipating manufacturers adjustment.

(4) Distinct Identity of MSA Payment Deposits: The General Assembly has determined that it shall be the policy of the Commonwealth that all Phase I Tobacco Settlement payments shall be deposited to the credit of the General Fund and shall maintain a distinct identity as Phase I Tobacco Settlement payments that shall not lapse to the credit of the General Fund surplus but shall continue forward from each fiscal year to the next fiscal year to the extent that any balance is unexpended.

(5) MSA Payment Estimates and Adjustments: Based on the official estimates of the Consensus Forecasting Group, the amount of MSA payments expected to be received in fiscal year 2015-2016 is $88,100,000 and in fiscal year 2016-2017 is $87,000,000 and in fiscal year 2017-2018 is $92,800,000. It is recognized that MSA payments to be received by the Commonwealth are estimated and are subject to change. If MSA payments received are less than the official estimates, appropriation reductions shall be applied as follows: after exempting appropriations for debt service and the Department of Revenue, 50 percent to the Agricultural Development Fund, 36 percent to the Early Childhood Development Fund, and 14 percent to the Health Care Improvement Fund. If MSA payments received exceed the official estimates, appropriation increases shall be applied as follows: after exempting appropriations for debt service and the Department of Revenue, 50 percent to the Agricultural Development Fund, 36 percent to the Early Childhood Development Fund, and 14 percent to the Health Care Improvement Fund.

a. State Enforcement: Notwithstanding KRS 248.654, a total of $250,000 in

MSA payments received in each fiscal year is appropriated to the Finance and Administration Cabinet, Department of Revenue for the state's enforcement of noncompliant nonparticipating manufacturers.

b. Debt Service: Notwithstanding KRS 248.654 and 248.703(4), $26,985,300 in MSA payments in fiscal year 2016-2017 and $26,667,700 in MSA payments in fiscal year 2017-2018 are appropriated to the Finance and Administration Cabinet, Debt Service budget unit.

c. Agricultural Development Initiatives: Notwithstanding KRS 248.654 and 248.703(4), $30,958,000 in MSA payments in fiscal year 2016-2017 and $34,050,200 in MSA payments in fiscal year 2017-2018 are appropriated to the Kentucky Agricultural Development Fund to be used for agricultural development initiatives as specified in this Part.

d. Early Childhood Development Initiatives: Notwithstanding KRS 248.654, $22,289,800 in MSA payments in fiscal year 2016-2017 and $24,516,100 in MSA payments in fiscal year 2017-2018 are appropriated to the Early Childhood Development Initiatives as specified in this Part.

e. Health Care Initiatives: Notwithstanding KRS 248.654 and 304.17B-003(5), $8,668,300 in MSA payments in fiscal year 2016-2017 and $9,534,000 in MSA payments in fiscal year 2017-2018 are appropriated to the Health Care Improvement Fund for health care initiatives as specified in this Part.

(6) MSA Appropriation Adjustments – Fiscal Year 2015-2016: The Consensus Forecasting Group increased the fiscal year 2015-2016 Phase I Master Settlement Agreement revenues by $15,700,000 to $88,100,000. There is $7,446,100 in actual receipts from fiscal year 2013-2014 that remain unappropriated. The total of $23,146,100 is appropriated in fiscal year 2015-2016.

A. STATE ENFORCEMENT

GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS

Notwithstanding KRS 248.654, appropriations for state enforcement shall be as follows:

1. FINANCE AND ADMINISTRATION CABINET

Budget Unit	**2016-17**	**2017-18**
a. Revenue	250,000	250,000

B. DEBT SERVICE

GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS

Notwithstanding KRS 248.654 and 248.703(4), appropriations for debt service shall be as follows:

1. FINANCE AND ADMINISTRATION CABINET

Budget Unit	**2016-17**	**2017-18**
a. Debt Service	26,985,300	26,667,700

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

(2) General Fund (Tobacco) Debt Service Lapse: Notwithstanding Part X, (4) of this Act, $2,151,400 in fiscal year 2016-2017 and $2,218,000 in fiscal year 2017-2018 shall lapse.

(3) Appropriation of Unexpended Tobacco Debt Service: Any unexpended balance from the fiscal year 2016-2017 or the fiscal year 2017-2018 General Fund (Tobacco) debt service appropriation in the Finance and Administration Cabinet, Debt Service budget unit, shall continue and be appropriated to the Governor's Office of Agricultural Policy.

C. AGRICULTURAL DEVELOPMENT APPROPRIATIONS

GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS

Notwithstanding KRS 248.654 and 248.703(4), appropriations for Agricultural Development shall be as follows:

1. GENERAL GOVERNMENT

Budget Unit	**2015-16**	**2016-17**	**2017-18**
a. Governor's Office of Agricultural Policy	21,099,500	25,358,000	28,450,200

(1) Administrative Costs: Notwithstanding KRS 248.711(2), and from the allocation provided therein, counties that are allocated in excess of $20,000 annually may provide up to four percent of the individual county allocation, not to exceed $15,000 annually, to the county council in that county for administrative costs.

(2) Counties Account: Notwithstanding KRS 248.703(1), included in the above General Fund (Tobacco) appropriation is $10,835,300 in fiscal year 2016-2017 and $11,917,600 in fiscal year 2017-2018, for the counties account as specified in KRS 248.703(1)(a).

(3) Directive for Fiscal Year 2015-2016 General Fund (Tobacco) Appropriations: Notwithstanding KRS 248.703, 248.711, and 248.727, the General Fund (Tobacco) appropriation of $21,099,500 to the Governor's Office of Agricultural Policy in fiscal year 2015-2016 shall be used solely for~~[special]~~ agricultural development initiatives.~~[These special initiatives shall be limited to those which support regional centers of excellence associated with a state university, to regional initiatives that support local food aggregators, processors, or distributors, to statewide initiatives that foster the maintenance, preservation, or enhancement of a natural resource which is important to the future development of the agricultural economy in the Commonwealth, or to regional initiatives that provide a public service which can be used to evaluate the marketability of livestock.]~~ The grant process for each~~[special]~~ agricultural development initiative shall

be subject to the application process and approval of the Agricultural Development Board created under KRS 248.707.~~[The Board shall not approve an individual grant for an amount that exceeds $12,800,000.]~~

2. DEPARTMENT OF AGRICULTURE

Budget Unit	**2016-17**	**2017-18**
a. Agriculture	600,000	600,000

(1) Farms to Food Banks: Included in the above General Fund (Tobacco) appropriation is $600,000 in each fiscal year to support the Farms to Food Banks Program to benefit both Kentucky farmers and the needy by providing fresh, locally grown produce to food pantries. The appropriations to the Farm to Food Banks Program may be used to purchase USDA-inspected meat to be distributed to local food pantries in Kentucky.

3. ENERGY AND ENVIRONMENT CABINET

Budget Unit	**2016-17**	**2017-18**
a. Natural Resources	5,000,000	5,000,000

(1) Environmental Stewardship Program: Included in the above General Fund (Tobacco) appropriation is $5,000,000 in fiscal year 2016-2017 and $5,000,000 in fiscal year 2017-2018 for the Environmental Stewardship Program.

TOTAL - AGRICULTURAL APPROPRIATIONS	21,099,500	30,958,000	34,050,200

D. EARLY CHILDHOOD DEVELOPMENT

GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS

Notwithstanding KRS 248.654, appropriations for Early Childhood Development shall be as follows:

1. GENERAL GOVERNMENT

Budget Unit	**2016-17**	**2017-18**
a. Office of the Governor	2,050,000	2,050,000

(1) Governor's Office for Early Childhood Development: Included in the above General Fund (Tobacco) appropriation is $2,050,000 in each fiscal year of the biennium for the Early Childhood Advisory Council.

2. CABINET FOR HEALTH AND FAMILY SERVICES

Budget Units	**2015-16**	**2016-17**	**2017-18**
a. Community Based Services	2,046,600	6,668,400	8,894,700

(1) Early Childhood Development Program: Included in the above General Fund (Tobacco) appropriation is $2,046,600 in fiscal year 2015-2016 for the Early Childhood Development Program. The $2,046,600 shall not be expended in fiscal year 2015-2016 and shall continue into fiscal year 2016-2017. Included in the above General Fund (Tobacco) appropriation is $6,668,400 in fiscal year 2016-2017 and $8,894,700 in fiscal year 2017-2018 for the Early Childhood Development Program.

b. Public Health		11,580,000	11,580,000

(1) HANDS Program, Healthy Start, Folic Acid Program, Early Childhood Mental Health, and Early Childhood Oral Health: Included in the above General Fund (Tobacco) appropriation is $9,000,000 in each fiscal year for the Health Access Nurturing Development Services (HANDS) Program, $1,000,000 in each fiscal year for Healthy Start initiatives, $80,000 in each fiscal year for the Folic Acid Program, $1,000,000 in each fiscal year for Early Childhood Mental Health, and $500,000 in each fiscal year for Early Childhood Oral Health.

c. Behavioral Health, Developmental and Intellectual Disabilities Services		891,400	891,400

(1) Substance Abuse Prevention and Treatment: Included in the above General Fund (Tobacco) appropriation is $891,400 in each fiscal year for substance abuse prevention and treatment for substance abuse prevention and treatment for pregnant women with a history of substance abuse problems.

3. POSTSECONDARY EDUCATION

Budget Unit	2016-17	2017-18
a. Kentucky Higher Education Assistance Authority	1,100,000	1,100,000

(1) Early Childhood Scholarships: Included in the above General Fund (Tobacco) appropriation is $1,100,000 in each fiscal year for Early Childhood Scholarships.

TOTAL - EARLY CHILDHOOD APPROPRIATIONS	2,046,600	22,289,800	24,516,100

E. HEALTH CARE IMPROVEMENT APPROPRIATIONS

GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS

Notwithstanding KRS 248.654 and 304.17B-003(5), appropriations for health care improvement shall be as follows:

1. CABINET FOR HEALTH AND FAMILY SERVICES

Budget Unit	2016-17	2017-18
a. Public Health	2,353,100	2,588,100

(1) Smoking Cessation Program: Included in the above General Fund (Tobacco) appropriation is $2,353,100 in fiscal year 2016-2017 and $2,588,100 in fiscal year 2017-2018 for the Smoking Cessation Program.

2. JUSTICE AND PUBLIC SAFETY CABINET

Budget Unit	2016-17	2017-18
a. Justice Administration	1,609,100	1,769,800

(1) Office of Drug Control Policy: Included in the above General Fund (Tobacco) appropriation is $1,609,100 in fiscal year 2016-2017 and $1,769,800 in fiscal year 2017-2018 for the Office of Drug Control Policy.

3. POSTSECONDARY EDUCATION

Budget Unit	2016-17	2017-18
a. Council on Postsecondary Education	4,706,100	5,176,100

(1) Ovarian Cancer Screening: Notwithstanding KRS 164.476, General Fund (Tobacco) moneys in the amount of $800,000 in each fiscal year shall be allotted from the Lung Cancer Research Fund to the Ovarian Cancer Screening Outreach Program at the University of Kentucky.

(2) Lung Cancer Research Fund: Included in the above General Fund (Tobacco) appropriation is $4,706,100 in fiscal year 2016-2017 and $5,176,100 in fiscal year 2017-2018 for the Lung Cancer Research Fund.

TOTAL - HEALTH CARE APPROPRIATIONS	8,668,300		9,534,000
TOTAL - PHASE I TOBACCO SETTLEMENT FUNDING PROGRAM	23,146,100	89,151,400	95,018,000

PART XI

STATE/EXECUTIVE BRANCH BUDGET SUMMARY

OPERATING BUDGET

	2015-16	2016-17	2017-18
General Fund (Tobacco)	23,146,100	89,151,400	95,018,000
General Fund	32,257,500	10,636,696,100	10,881,431,400
Restricted Funds	129,405,400	8,031,530,700	8,453,750,200
Federal Funds	1,854,700	12,235,304,600	12,545,024,100
Road Fund	-0-	92,479,700	93,429,100
SUBTOTAL	186,663,700	31,085,162,500	32,068,652,800

CAPITAL PROJECTS BUDGET

	2015-16	2016-17	2017-18
General Fund	-0-	1,836,000	-0-
Restricted Funds	4,800,000	3,477,478,000	40,850,000
Federal Funds	1,750,000	61,444,000	31,640,000
Bond Funds	-0-	530,049,000	52,937,500
Agency Bonds	-0-	672,365,000	4,891,000

Investment Income	-0-	4,975,600	4,860,000
Other Funds	-0-	820,287,000	600,000
SUBTOTAL	6,550,000	5,568,434,600	135,778,500

TOTAL - STATE/EXECUTIVE BUDGET

	2015-16	**2016-17**	**2017-18**
General Fund (Tobacco)	23,146,100	89,151,400	95,018,000
General Fund	32,257,500	10,638,532,100	10,881,431,400
Restricted Funds	134,205,400	11,509,008,700	8,494,600,200
Federal Funds	3,604,700	12,296,748,600	12,576,664,100
Road Fund	-0-	92,479,700	93,429,100
Bond Funds	-0-	530,049,000	52,937,500
Agency Bonds	-0-	672,365,000	4,891,000
Investment Income	-0-	4,975,600	4,860,000
Other Funds	-0-	820,287,000	600,000
TOTAL FUNDS	193,213,700	36,653,597,100	32,204,431,300

➔Section 2. It is the intent of the 2016 General Assembly to provide the Judicial Branch a supplemental General Fund appropriation of $15,337,400 in fiscal year 2016-2017 and $18,913,700 in fiscal year 2017-2018. This appropriation is not to be deemed an expression of intent by the General Assembly as to the ability of the courts to implement salary increases.

➔Section 3. On page 1 of 2016 Regular Session HB 306/GA, on line 21, delete "219,548,200" and insert in lieu thereof "234,885,600"; adjust subsequent subtotals and totals accordingly.

➔Section 4. On page 1 of 2016 Regular Session HB 306/GA, on line 21, delete "217,113,500" and insert in lieu thereof "236,027,200"; adjust subsequent subtotals and totals accordingly.

➔Section 5. (1) Notwithstanding KRS 68.197 or any other statute to the

contrary, the provisions of this section shall apply to the levy of license fees by a county that levied a license fee that was in effect on the effective date of this Act, and a city within that county that has levied but not collected a license fee as of the effective date of this Act.

(2) From July 1, 2016, through June 30, 2017, the credit established by KRS 68.197(7) shall only apply to the first one-tenth of one percent (0.1%) of the tax rate imposed by the county within the corporate limits of the city.

(3) From July 1, 2017, through June 30, 2018, the credit established by KRS 68.197(7) shall only apply to the first two-tenths of one percent (0.2%) of the tax rate imposed by the county within the corporate limits of the city.

(4) Any city and county subject to this section may enter into an interlocal agreement to establish a revenue-sharing arrangement that differs from the requirements of this section.

➔Section 6. Notwithstanding KRS 68.197 or any other statute to the contrary, the provisions of this section shall apply as follows from the effective date of this Act through June 30, 2018:

(1) Any set-off or credit of city license fees against county license fees that exists between a city and county as of the effective date of this Act, shall remain in effect as it is on the effective date of this Act;

(2) The provisions of subsection (7) of KRS 68.197 shall not apply to a city and county unless both the city and the county have levied and are collecting license fees on the effective date of this Act;

(3) Any agreement between a city and county related to the sharing of revenues from a license fee that is in effect on the effective date of this Act shall remain in effect, regardless of whether the agreement, by its terms, was set to expire prior to June 30, 2018; and

(4) Any city and county subject to the provisions of subsections (1) to (3) of this

section may enter into an interlocal agreement to establish a revenue-sharing arrangement that differs from the requirements of this section.

➔Section 7. Notwithstanding the provisions of KRS 68.197, KRS 68.199, or any other statute to the contrary, any county that:

(1) Enacted an occupational license fee under the authority of KRS 67.083 at a rate of greater than one percent (1%) prior to reaching a population of 30,000; and

(2) Has an agreement with the largest city in the county to share revenues from the occupational license fee levied by the county;

may increase the occupational license fee rate above the rate that was imposed at the time the population of the county grew to beyond 30,000 if the county and the largest city within the county enter into an agreement approving the rate increase, and providing an agreed distribution of revenues from the levy to the city and the county. Other cities within the county may also be parties to the agreement if agreed to by all the parties.

COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

MATTHEW G. BEVIN
GOVERNOR

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VETO MESSAGE FROM THE GOVERNOR OF THE COMMONWEALTH OF KENTUCKY REGARDING HOUSE BILL 304 OF THE 2016 REGULAR SESSION

PART 1
OPERATING BUDGET
TRANSPORTATION CABINET
GENERAL ADMINISTRATION AND SUPPORT

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following:

Page 1, line 27, after "that", delete the rest of the line.
Page 2, line 1, delete in its entirety.
Page 2, line 2, delete "Section 1".
Page 2, line 3, after "Program" delete the rest of the line.
Page 2, lines 4 through 9, delete in its entirety.

The Kentucky Transportation Cabinet produces a document that combines the sections for ease of finding projects over the six-year plan. This language bifurcates the projects making it more difficult to fully envision how the projects come together in the plan.

PART 1
OPERATING BUDGET
TRANSPORTATION CABINET
HIGHWAYS

Page 5, line 6, after "Account.", delete the rest of the line.
Page 5, line 7, delete in its entirety.
Page 5, line 8, delete "support the Kentucky Pride Fund created in KRS 224.43-505."

This language is too restrictive and directs more than double the historical amount given to the Kentucky Pride Fund despite difficult financial times.

Page 5, line 9, delete "Shortline".

The Kentucky Transportation Cabinet needs greater latitude to use the funds for all railroads. The Government should not be influencing the market by playing favorites.

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Page 5, line 10, after "safety" delete the rest of the line.
Page 5, lines 11 through 12, delete in its entirety.

The Kentucky Transportation Cabinet has no criteria to accurately measure service improvements and needs the flexibility to require a higher percentage of private matching funds.

Page 6, line 19, after "July 1, 2016.", delete the rest of the line.
Page 6, line 20, delete in its entirety.

The Kentucky Transportation Cabinet already submits a report that forecasts into the next two to three years. Forecasting monthly into year 2022 is not useful because it would be based on too many assumptions and unidentifiable variables.

Page 7, lines 7 through 9, delete in its entirety.

The State Resurfacing Program is included in the Highways Road Fund and should be based on needs and priorities rather than on an arbitrary figure.

Page 8, lines 4 through 6, delete in its entirety.

KRS 176.430 already requires the Kentucky Transportation Cabinet to provide this information in a monthly road plan status report. These provisions are over-burdensome and redundant.

Page 8, line 8, after "study", delete the rest of the line.
Page 8, line 9, delete "classifications".

A study for certain job classifications is warranted, however, conducting a study on all merit employees would be time consuming, costly and inefficient.

Page 8, line 13, after "Revenue", delete the rest of the line.

The Personnel Cabinet suggests that the study could take up to two years for completion. Removing this provision permits the Kentucky Transportation Cabinet more flexibility to conduct a thorough study.

Page 8, line 14, delete "Mountain Parkway Extension and" and "Notwithstanding"
Page 8, lines 15 through 27, delete in its entirety.
Page 9, line 1 through 2, delete in its entirety.
Page 9, line 3, after "shall", delete the rest of the line.
Page 9, line 5, delete "full" and "Mountain Parkway expansion and".

A planning study for the extension of the Mountain Parkway is already included in the 2016-2022 Highway Road Plan. The Kentucky Transportation Cabinet already has cost estimates for the projects and currently works with the Secretary of the West Virginia Department of Transportation on the common goals of the two states with regard to transportation.

Page 9, line 6, delete "before".
Page 9, line 7, delete in its entirety.

Removing this provision permits the Kentucky Transportation Cabinet more flexibility to conduct a thorough study.

Page 9, lines 8 through 11, delete in its entirety.

Economic development should be considered with great weight in determining the prioritization of projects but with recent reports of the Commonwealth's crumbling infrastructure, safety should be our most pressing concern. Further, this language leaves uncertainty as to whom or what determines which projects improve economic development.

This the 27th day of April, 2016

Matthew G. Bevin
Governor

GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2016 REGULAR SESSION

HOUSE BILL NO. 304

AS ENACTED AND VETOED IN PART

INFORMATIONAL COPY

THURSDAY, APRIL 28, 2016

AN ACT relating to appropriations providing financing and conditions for the operations, maintenance, support, and functioning of the Transportation Cabinet of the Commonwealth of Kentucky.

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

➔Section 1. The Transportation Cabinet Budget is as follows:

PART I

OPERATING BUDGET

(1) Funds Appropriations: There is appropriated out of the General Fund, Road Fund, Restricted Funds accounts, Federal Funds accounts, or Bond Funds accounts for the fiscal year beginning July 1, 2015, and ending June 30, 2016, for the fiscal year beginning July 1, 2016, and ending June 30, 2017, and for the fiscal year beginning July 1, 2017, and ending June 30, 2018, the following discrete sums, or so much thereof as may be necessary. Appropriated funds are included pursuant to KRS 48.700 and 48.710. Each appropriation is made by source of respective fund or funds accounts. Appropriations for the budget units of the Transportation Cabinet are subject to the provisions of Chapters 12, 42, 45, and 48 of the Kentucky Revised Statutes and compliance with the conditions and procedures set forth in this Act.

A. TRANSPORTATION CABINET

Budget Units

1. GENERAL ADMINISTRATION AND SUPPORT

	2016-17	**2017-18**
General Fund	500,000	500,000
Restricted Funds	2,127,300	2,141,800
Road Fund	74,340,100	74,651,200
TOTAL	76,967,400	77,293,000

(1) Biennial Highway Construction Plan: The Secretary of the Transportation Cabinet shall produce a single document that~~[contains two separately identified sections,~~

~~as follows:~~

~~Section 1~~] shall detail the enacted fiscal biennium 2016-2018 Biennial Highway Construction Program[~~ and Section 2 shall detail the 2016-2018 Highway Preconstruction Program Plan for fiscal year 2016-2017 through fiscal year 2021-2022 as identified by the 2016 General Assembly. This document shall mirror in data type and format the fiscal year 2016-2022 Recommended Six-Year Road Plan as submitted to the 2016 General Assembly. The document shall be published and distributed to members of the General Assembly and the public within 60 days of adjournment of the 2016 Regular Session of the General Assembly~~].

(2) Debt Service: Included in the above Road Fund appropriation is $7,113,600 in fiscal year 2016-2017 and $7,107,400 in fiscal year 2017-2018 for debt service on previously authorized bonds for the Transportation Cabinet office building and parking structure and the C-1 Garage.

(3) Adopt-A-Highway Litter Program: The Transportation Cabinet and the Energy and Environment Cabinet may receive, accept, and solicit grants, contributions of money, property, labor, or other things of value from any governmental agency, individual, nonprofit organization, or private business to be used for the Adopt-a-Highway Litter Program or other statewide litter programs. Any contribution of this nature shall be deemed to be a contribution to a state agency for a public purpose and shall be treated as Restricted Funds under KRS Chapter 45 and reported according to KRS Chapter 48, and shall not be subject to restrictions set forth under KRS Chapter 11A.

(4) SAFE Patrol Program: The Transportation Cabinet shall continue the SAFE Patrol Program at the current service level. The primary mission of the Cabinet's SAFE Patrol shall be motorist assistance. The SAFE Patrol shall be restricted to providing only assistance services on interstates, parkways, and other limited-access highways.

(5) Riverport Improvements: Included in the above General Fund appropriation

is $500,000 in each fiscal year to improve public riverports within Kentucky. Improvements shall be limited to dredging and maintenance of access. The Secretary of the Transportation Cabinet, in conjunction with the Kentucky Water Transportation Advisory Board, shall determine how the funds are distributed.

(6) Lapse of Road Fund Excess Debt Service Appropriations: Pursuant to KRS 48.720, any excess Road Fund debt service shall lapse to the Road Fund surplus account unless otherwise directed in this Act.

2. AVIATION

	2016-17	**2017-18**
Restricted Funds	11,630,400	10,537,200
Federal Funds	663,500	213,700
Road Fund	2,670,900	2,676,100
TOTAL	14,964,800	13,427,000

(1) Operational Costs: Notwithstanding KRS 183.525(5), the above Restricted Funds appropriation includes operational costs of the program in each fiscal year.

(2) Debt Service: Included in the above Road Fund appropriation is $1,832,200 in fiscal year 2016-2017 and $1,830,700 in fiscal year 2017-2018 for debt service on previously authorized bonds. Notwithstanding KRS 183.525, $1,832,200 in fiscal year 2016-2017 and $1,830,700 in fiscal year 2017-2018 is transferred to the Road Fund from the Kentucky Aviation Economic Development Fund to support debt service on those bonds.

(3) Bowling Green-Warren County Regional Airport: Included in the above Restricted Funds appropriation is $750,000 in fiscal year 2016-2017 for the Bowling Green-Warren County Regional Airport project.

3. DEBT SERVICE

	2016-17	**2017-18**
Road Fund	160,382,900	165,825,600

(1) Economic Development Road Lease-Rental Payments: Included in the above Road Fund appropriation is $160,332,900 in fiscal year 2016-2017 and $165,775,600 in fiscal year 2017-2018 for Economic Development Road lease-rental payments relating to projects financed by Economic Development Road Revenue Bonds previously authorized by the General Assembly and issued by the Kentucky Turnpike Authority.

(2) Debt Payment Acceleration Fund Account: Notwithstanding KRS 175.505, no portion of the revenues to the state Road Fund provided by the adjustments in KRS 138.220(2), excluding KRS 177.320 and 177.365, shall accrue to the Debt Payment Acceleration Fund account during the 2016-2018 fiscal biennium.

(3) Excess Lease-Rental Payments: Any moneys not required to meet lease-rental payments or to meet the administrative costs of the Kentucky Turnpike Authority shall be transferred to the State Construction Account.

4. HIGHWAYS

	2016-17	**2017-18**
Restricted Funds	103,088,400	103,232,300
Federal Funds	709,785,100	725,106,300
Road Fund	767,032,800	777,426,900
TOTAL	1,579,906,300	1,605,765,500

(1) Debt Service: Included in the above Federal Funds appropriation is $76,000,000 in fiscal year 2016-2017 and $97,500,000 in fiscal year 2017-2018 for debt service on Grant Anticipation Revenue Vehicle (GARVEE) Bonds previously appropriated by the General Assembly.

(2) State Supported Construction Program: Included in the above Road Fund appropriation is $345,149,400 in fiscal year 2016-2017 and $353,539,400 in fiscal year 2017-2018 for the State Supported Construction Program.

(3) Biennial Highway Construction Program: Included in the State Supported

Construction Program is $189,149,400 in fiscal year 2016-2017 and $197,539,400 in fiscal year 2017-2018 from the Road Fund for state construction projects in the fiscal biennium 2016-2018 Biennial Highway Construction Program.

(4) Highway Construction Contingency Account: Included in the State Supported Construction Program is $31,000,000 in each fiscal year for the Highway Construction Contingency Account.~~[Notwithstanding KRS 224.43-505(2)(d), included in the Highway Construction Contingency Account is $5,000,000 in each fiscal year to support the Kentucky Pride Fund created in KRS 224.43-505.]~~ Also included in the Highway Construction Contingency Account for~~[Shortline]~~ Railroads is $1,600,000 in each fiscal year for public safety~~[and service improvements which shall not be expended unless matched with private funds equaling 20 percent of the total amount for any individual project]~~.

(5) 2014-2016 Biennial Highway Construction Plan: Projects in the enacted 2014-2016 Biennial Highway Construction Plan are authorized to continue their current authorization into the 2016-2018 fiscal biennium. If projects in previously enacted highway construction plans conflict with the 2016-2018 Biennial Highway Construction Plan, the projects in the 2016-2018 Biennial Highway Construction Plan shall control. The Secretary shall make every effort to maintain highway program delivery by adhering to the timeframes included in the 2016-2018 Biennial Highway Construction Plan for those projects.

(6) Kentucky Transportation Center: Notwithstanding KRS 177.320(4), included in the above Road Fund appropriation is $290,000 in each fiscal year for the Kentucky Transportation Center.

(7) State Match Provisions: The Transportation Cabinet is authorized to utilize state construction moneys or Toll Credits to match federal highway moneys.

(8) Federal Aid Highway Funds: If additional federal highway moneys are made available to Kentucky by the United States Congress, the funds shall be used according to

the following priority: (a) Any demonstration-specific or project-specific moneys shall be used on the project identified; and (b) All other funds shall be used to ensure that projects in the fiscal biennium 2016-2018 Biennial Highway Construction Plan are funded. If additional federal moneys remain after these priorities are met, the Transportation Cabinet may select projects from the Highway Preconstruction Program.

(9) Road Fund Cash Management: The Secretary of the Transportation Cabinet may continue the Cash Management Plan to address the policy of the General Assembly to expeditiously initiate and complete projects in the fiscal biennium 2016-2018 Biennial Highway Construction Plan. Notwithstanding KRS Chapter 45, specifically including KRS 45.242 and 45.244, the Secretary may concurrently advance projects in the Biennial Highway Construction Plan by employing management techniques that maximize the Cabinet's ability to contract for and effectively administer the project work. Under the approved Cash Management Plan, the Secretary shall continuously ensure that the unspent project and Road Fund balances available to the Transportation Cabinet are sufficient to meet expenditures consistent with appropriations provided. The Transportation Cabinet shall provide quarterly reports to the Interim Joint Committee on Appropriations and Revenue when the General Assembly is not in session and the Standing Committees on Appropriations and Revenue when the General Assembly is in session beginning July 1, 2016.~~[The report shall include a monthly forecast by fiscal year for fiscal year 2016-2017 through fiscal year 2021-2022.]~~

(10) Carry Forward of Appropriation Balances: Notwithstanding KRS 45.229, unexpended Road Fund appropriations in the Highways budget unit for the Construction Program, the Maintenance Program, and the Research Program in fiscal year 2015-2016 and in fiscal year 2016-2017 shall not lapse but shall carry forward. Unexpended Federal Funds and Restricted Funds appropriations in the Highways budget unit for the Construction Program, the Maintenance Program, the Equipment Services Program, and the Research Program in fiscal year 2015-2016 and in fiscal year 2016-2017, up to the

amount of ending cash balances and unissued Highway and GARVEE Bond Funds, to include any interest income earned on those bond funds, and grant balances shall not lapse but shall carry forward.

(11) Federally Supported Construction Program: Included in the above Federal Funds appropriation is $687,884,300 in fiscal year 2016-2017 and $702,750,400 in fiscal year 2017-2018 for federal construction projects.

~~[(12) State Resurfacing Program: Included in the State Supported Construction Program is $125,000,000 in each fiscal year from the Road Fund for the State Resurfacing Program.]~~

(13) Highways Maintenance: Included in the above Highways Road Fund appropriation is $347,457,900 in fiscal year 2016-2017 and $349,072,600 in fiscal year 2017-2018 for Highways Maintenance. Highways Maintenance positions may be filled to the extent the above funding level and the Highways Maintenance continuing appropriation are sufficient to support those positions.

(14) Delayed Projects Status Report: The Secretary of the Transportation Cabinet shall report by September 30 of each fiscal year to the Interim Joint Committee on Transportation any project included in the enacted Biennial Highway Construction Plan which has been delayed beyond the fiscal year for which the project was authorized. The report shall include:

(a) The county name;

(b) The Transportation Cabinet project identification number;

(c) The route where the project is located;

(d) The length of the project;

(e) A description of the project and the scope of improvement;

(f) The type of local, state, or federal funds to be used on the project;

(g) The stage of development for the design, right-of-way, utility, and construction phases;

(h) The fiscal year in which each phase of the project was scheduled to commence;

(i) The estimated cost for each phase of the project;

~~[(j) A detailed description of the circumstances leading to the delay; and~~

~~(k) The same information required in paragraphs (a) to (i) of this subsection for the project or projects advanced with funds initially scheduled for the delayed project.]~~

(15) Transportation Employees Salary Study: The Transportation Cabinet, with the assistance of the Personnel Cabinet, shall conduct a study~~[on all merit employee classifications]~~ within the Transportation Cabinet to develop a plan to ensure salary and benefit parity among Transportation Cabinet employees statewide. The Transportation Cabinet shall submit a report detailing the results of the study to the Interim Joint Committee on Transportation and the Interim Joint Committee on Appropriations and Revenue~~[no later than October 31, 2016]~~.

(16) ~~[Mountain Parkway Extension and]~~**Hal Rogers Parkway:** ~~[Notwithstanding the provisions of KRS 175B.005(1) and 175B.030(1) and (2)(a) and (e), the Secretary of the Kentucky Transportation Cabinet shall work with the Secretary of the West Virginia Department of Transportation to study and develop a highway plan to extend the Mountain Parkway from Prestonsburg, Kentucky to Beckley, West Virginia. The Secretary of the Kentucky Transportation Cabinet shall make quarterly reports to the Interim Joint Committee on Transportation regarding the status and progress of the planning, design, and funding options to ensure that both states are working towards the common goal of improving regional mobility by developing a plan to construct an interstate-quality highway eastward.~~

~~The Commonwealth of Kentucky and the state of West Virginia shall work collectively to ensure the Mountain Parkway extension project utilizes a common crossing point from either Martin or Pike County in Kentucky and either Mingo or Wayne County in West Virginia. The respective membership shall be established and authorized~~

~~in accordance with KRS Chapter 175B, and the members shall meet to develop plans, cost estimates, and potential funding scenarios.]~~

The Secretary of the Kentucky Transportation Cabinet shall~~[also develop plans and]~~ provide cost estimates to upgrade the Hal Rogers Parkway to interstate standards and shall submit a~~[full]~~ report on the~~[Mountain Parkway expansion and]~~ upgrade of the Hal Rogers Parkway to the Interim Joint Committee on Appropriations and Revenue~~[before December 1, 2016, on the potential project plans, designs, costs, and funding sources]~~.

~~[(17) Economic Development Priorities: Projects identified by the General Assembly for improving economic development opportunities for the benefit of the citizens of the Commonwealth in the areas to be served shall be given priority by the Transportation Cabinet to facilitate construction as soon as possible.]~~

5. JUDGMENTS

(1) Payment of Judgments: Road Fund resources required to pay judgments shall be transferred from the State Construction Account at the time when actual payments must be disbursed from the State Treasury.

6. PUBLIC TRANSPORTATION

	2016-17	**2017-18**
General Fund	5,728,200	5,728,200
Restricted Funds	692,600	698,700
Federal Funds	25,730,500	25,788,900
TOTAL	32,151,300	32,215,800

(1) Toll Credits: The Transportation Cabinet is authorized to maximize, to the extent necessary, the use of Toll Credits to match Federal Funds for transit systems capital grants.

(2) Nonpublic School Transportation: Included in the above General Fund appropriation is $3,500,000 in each fiscal year for nonpublic school transportation.

7. REVENUE SHARING

	2016-17	2017-18
Road Fund	330,812,900	332,030,200

(1) County Road Aid Program: Included in the above Road Fund appropriation is $125,097,400 in fiscal year 2016-2017 and $125,554,900 in fiscal year 2017-2018 for the County Road Aid Program in accordance with KRS 177.320, 179.410, 179.415, and 179.440. Notwithstanding KRS 177.320(2), the above amounts have been reduced by $38,000 in each fiscal year, which has been appropriated to the Highways budget unit for the support of the Kentucky Transportation Center.

(2) Rural Secondary Program: Included in the above Road Fund appropriation is $151,757,600 in fiscal year 2016-2017 and $152,312,600 in fiscal year 2017-2018 for the Rural Secondary Program in accordance with KRS 177.320, 177.330, 177.340, 177.350, and 177.360. Notwithstanding KRS 177.320(1), the above amounts have been reduced by $46,000 in each fiscal year, which has been appropriated to the Highways budget unit for the support of the Kentucky Transportation Center.

(3) Municipal Road Aid Program: Included in the above Road Fund appropriation is $52,636,600 in fiscal year 2016-2017 and $52,829,100 in fiscal year 2017-2018 for the Municipal Road Aid Program in accordance with KRS 177.365, 177.366, and 177.369. Notwithstanding KRS 177.365(1), the above amounts have been reduced by $16,000 in each fiscal year, which has been appropriated to the Highways budget unit for the support of the Kentucky Transportation Center.

(4) Energy Recovery Road Fund: Included in the above Road Fund appropriation is $458,000 in fiscal year 2016-2017 and $460,000 in fiscal year 2017-2018 for the Energy Recovery Road Fund in accordance with KRS 177.977, 177.9771, 177.9772, 177.978, 177.979, and 177.981.

(5) Continuation of the Flex Funds and the 80/20 Bridge Replacement Programs: The Transportation Cabinet shall continue the Flex Funds and the 80/20 Bridge Replacement Programs within the Rural Secondary Program.

8. VEHICLE REGULATION

	2016-17	2017-18
Restricted Funds	15,193,500	15,120,500
Federal Funds	4,600,000	4,600,000
Road Fund	26,126,900	27,902,200
TOTAL	45,920,400	47,622,700

(1) Debt Service: Included in the above Road Fund appropriation is $3,143,000 in fiscal year 2016-2017 and $4,781,300 in fiscal year 2017-2018 for debt service on previously authorized bonds.

TOTAL - TRANSPORTATION CABINET

	2016-17	2017-18
General Fund	6,228,200	6,228,200
Restricted Funds	132,732,200	131,730,500
Federal Funds	740,779,100	755,708,900
Road Fund	1,361,366,500	1,380,512,200
TOTAL	2,241,106,000	2,274,179,800

PART II

CAPITAL PROJECTS BUDGET

(1) Capital Construction Fund Appropriations and Reauthorizations: Moneys in the Capital Construction Fund are appropriated for the following capital projects subject to the conditions and procedures in this Act. Items listed without appropriated amounts are previously authorized for which no additional amount is required. These items are listed in order to continue their current authorization into the 2016-2018 fiscal biennium. Unless otherwise specified, reauthorized projects shall conform to the original authorization enacted by the General Assembly.

(2) Expiration of Existing Line-Item Capital Construction Projects: All appropriations to existing line-item capital construction projects expire on June 30, 2016,

unless reauthorized in this Act with the following exceptions: (a) A construction contract for the project shall have been awarded by June 30, 2016; (b) Permanent financing or a short-term line of credit sufficient to cover the total authorized project scope shall have been obtained in the case of projects authorized for bonds, if the authorized project completes an initial draw on the line of credit within the biennium immediately subsequent to the original authorization; and (c) Grant or loan agreements, if applicable, shall have been finalized and properly signed by all necessary parties. Notwithstanding the criteria set forth in this subsection, the disposition of 2014-2016 fiscal biennium nonstatutory appropriated maintenance pools funded from Capital Construction Investment Income shall remain subject to the provisions of KRS 45.770(5)(c).

(3) Bond Proceeds Investment Income: Investment income earned from bond proceeds beyond that which is required to satisfy Internal Revenue Service arbitrage rebates and penalties and excess bond proceeds upon the completion of a bond-financed capital project shall be used to pay debt service according to the Internal Revenue Service Code and accompanying regulations.

A. TRANSPORTATION CABINET

Budget Units	**2016-17**	**2017-18**
1. GENERAL ADMINISTRATION AND SUPPORT		
001. Maintenance Pool - 2016-2018		
Road Fund	2,750,000	2,750,000
002. Transportation Enterprise Database II		
Road Fund	1,500,000	1,500,000
003. Construct Manchester (D-11) District Office - Additional Reauthorization ($6,600,000 Road Fund)		
Road Fund	-0-	845,000
004. Construct Jackson (D-10) District Office - Additional Reauthorization ($6,600,000 Road Fund)		

		Road Fund	426,000	-0-
	005.	Construct Muhlenberg County Maintenance Facility and Salt Storage Structure - Additional Reauthorization ($1,440,000 Road Fund)		
		Road Fund	151,000	-0-
	006.	Construct Ballard County Maintenance Facility and Salt Storage Structure - Additional Reauthorization ($1,440,000 Road Fund)		
		Road Fund	144,000	-0-
	007.	Construct Henderson County Maintenance Facility and Salt Storage Structure - Additional Reauthorization ($1,440,000 Road Fund)		
		Road Fund	83,000	-0-
	008.	Construct Harrison County Maintenance Facility and Salt Storage Structure - Additional Reauthorization ($1,440,000 Road Fund)		
		Road Fund	45,000	-0-
	009.	Construct Knott County Maintenance Facility and Salt Storage Structure - Reauthorization ($1,440,000 Road Fund)		
	010.	Construct Nicholas County Maintenance Facility and Salt Storage Structure - Reauthorization ($1,440,000 Road Fund)		
	011.	Upgrade AASHTOWare Reauthorization ($2,600,000 Road Fund)		
2.	**AVIATION**			
	001.	Aircraft Maintenance Pool - 2016-2018		
		Investment Income	600,000	600,000
3.	**HIGHWAYS**			
	001.	Repair Loadometer and Rest Areas - 2016-2018		
		Road Fund	1,500,000	1,500,000
	002.	Road Maintenance Parks - 2016-2018		
		Road Fund	1,250,000	1,250,000
	003.	Various Environmental Compliance - 2016-2018		

	Road Fund	600,000	600,000
004.	Jefferson County - Lease		
4.	**VEHICLE REGULATION**		
001.	International Registration Plan System Upgrade		
	Road Fund	1,250,000	1,250,000

PART III

FUNDS TRANSFER

The General Assembly finds that the financial condition of state government requires the following action.

Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2016-2017 and fiscal year 2017-2018.

	2016-17	**2017-18**
A. TRANSPORTATION CABINET		
1. Aviation		
Agency Revenue Fund	383,900	388,200
(KRS 183.525(4) and (5))		
2. Vehicle Regulation		
Agency Revenue Fund	4,200,000	4,200,000
(KRS 186.040(6)(a))		
TOTAL - FUNDS TRANSFER	4,583,900	4,588,200

PART IV

TRANSPORTATION CABINET BUDGET SUMMARY

OPERATING BUDGET

	2016-17	**2017-18**
General Fund	6,228,200	6,228,200
Restricted Funds	132,732,200	131,730,500

Federal Funds	740,779,100	755,708,900
Road Fund	1,361,366,500	1,380,512,200
SUBTOTAL	2,241,106,000	2,274,179,800

CAPITAL PROJECTS BUDGET

	2016-17	**2017-18**
Road Fund	9,699,000	9,695,000
Investment Income	600,000	600,000
SUBTOTAL	10,299,000	10,295,000

TOTAL - TRANSPORTATION CABINET BUDGET

	2016-17	**2017-18**
General Fund	6,228,200	6,228,200
Restricted Funds	132,732,200	131,730,500
Federal Funds	740,779,100	755,708,900
Road Fund	1,371,065,500	1,390,207,200
Investment Income	600,000	600,000
TOTAL FUNDS	2,251,405,000	2,284,474,800

COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

MATTHEW G. BEVIN
GOVERNOR

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VETO MESSAGE FROM THE GOVERNOR OF THE COMMONWEALTH OF KENTUCKY REGARDING HOUSE BILL 10 OF THE 2016 REGULAR SESSION

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following parts:

Page 1, line 6, "fiscal year 2015-";
Page 1, line 9, "fiscal year 2015-".

This veto is necessary to provide the Cabinet additional flexibility and time to ensure certain critical needs of our state parks are addressed. The limited timeframe would have made it difficult under the state's procurement code to fully address all of the needs of the parks. This targeted veto will allow the Cabinet an additional six months to address the highest priority needs of our state parks.

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 1, lines 15 through 27 in their entirety;
Page 2, lines 1 through 6 in their entirety.

Funding dual credit and Work Ready scholarships are an appropriate use of lottery funds, which always were intended to support education. Sufficient funds are available to support the needs of these educational initiatives.

This the 27th day of April, 2016

Matthew G. Bevin
Governor

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GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2016 REGULAR SESSION

HOUSE BILL NO. 10

AS ENACTED AND VETOED IN PART

INFORMATIONAL COPY

THURSDAY, APRIL 28, 2016

AN ACT making appropriations for the Executive Branch of the government of the Commonwealth of Kentucky and declaring an emergency.

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

➔Section 1. There is hereby appropriated to the Tourism, Arts and Heritage Cabinet, Department of Parks, General Fund moneys in the amount of $12,000,000 in fiscal year ~~[2015-]~~2016 for Parks renovations and repairs.

➔Section 2. There is hereby appropriated to the Tourism, Arts and Heritage Cabinet, Department of Parks, General Fund moneys in the amount of $1,000,000 in fiscal year ~~[2015-]~~2016 for the Rough River Marina.

➔Section 3. There is hereby appropriated to the Transportation Cabinet, Department of Aviation, General Fund moneys in the amount of $10,000,000 in fiscal year 2016-2017 and $10,000,000 in fiscal year 2017-2018 for aviation economic development to support the development, rehabilitation, and maintenance of publicly owned or operated aviation facilities.

~~[➔Section 4. There is hereby appropriated to the Kentucky Higher Education Assistance Authority General Fund moneys in the amount of $3,250,000 in fiscal year 2016-2017 and $6,500,000 in fiscal year 2017-2018 for the College Access Program. These funds are to replace the lottery revenues used to fund dual credit scholarships.~~

~~➔Section 5. There is hereby appropriated to the Kentucky Higher Education Assistance Authority General Fund moneys in the amount of $1,750,000 in fiscal year 2016-2017 and $3,500,000 in fiscal year 2017-2018 for the Kentucky Tuition Grant Program. These funds are to replace the lottery revenues used to fund dual credit scholarships.~~

~~➔Section 6. There is hereby appropriated to the Kentucky Higher Education Assistance Authority General Fund moneys in the amount of $6,110,000 in fiscal year 2016-2017 and $10,335,000 in fiscal year 2017-2018 for the College Access Program. These funds are to replace the lottery revenues used to fund the Work Ready Kentucky~~

~~Scholarship Program.~~

~~➔Section 7. There is hereby appropriated to the Kentucky Higher Education Assistance Authority General Fund moneys in the amount of $3,290,000 in fiscal year 2016-2017 and $5,565,000 in fiscal year 2017-2018 for the Kentucky Tuition Grant Program. These funds are to replace the lottery revenues used to fund the Work Ready Kentucky Scholarship Program.]~~

➔Section 8. Whereas it is imperative that these appropriations and authorizations are available for the operations, maintenance, support, and functioning of the government of the Commonwealth, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming law.

GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2016 REGULAR SESSION

HOUSE BILL NO. 80

AS ENACTED

FRIDAY, APRIL 15, 2016

AN ACT relating to government operations.

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

➔Section 1. KRS 7A.010 is amended to read as follows:

As used in this chapter, unless the context otherwise requires:

(1) "Capital project" means:

(a) Any undertaking which is to be financed or funded through an appropriation by the General Assembly of general fund, road fund, bond fund, trust and agency fund, or federal fund moneys, where the expenditure is a capital expenditure pursuant to statute or under standards prescribed by the Legislative Research Commission under the authority of KRS Chapter 48;

(b) Any undertaking which is to be financed by a capital expenditure for use by the state government or one of its departments or agencies, as defined in KRS 12.010 or enumerated in KRS 12.020, including projects related to the construction or maintenance of roads, and including projects of institutions of higher education as defined in KRS 164A.550(2);

(c) Any capital construction item, or any combination of capital construction items necessary to make a building or utility installation complete, estimated to cost:

1. a. In the case of institutions of higher education, one million dollars ($1,000,000) or more, regardless of the source of funds; and

b. In the case of all other entities, six hundred thousand dollars ($600,000) or more ***regardless of the source of funds;*** ~~[,]~~ or

2. Any item of movable equipment, estimated to cost two hundred thousand dollars ($200,000) or more, regardless of the source of funds;

(d) Any lease of real property whose value is two hundred thousand dollars ($200,000) or more;

(e) Any lease of an item of movable equipment if the total cost of the lease, lease-purchase, or lease with an option to purchase is two hundred thousand dollars ($200,000) or more; or

(f) Any new acquisition, upgrade, or replacement of an information technology system estimated to cost:

1. In the case of institutions of higher education, one million dollars ($1,000,000) or more; and

2. In the case of all other entities, six hundred thousand dollars ($600,000) or more.

(2) "Board" means the Capital Planning Advisory Board of the Kentucky General Assembly created by KRS 7A.110.

(3) "Plan" means the state capital improvement plan provided for by KRS 7A.120.

(4) "State agency" means any department, commission, council, board, bureau, committee, institution, legislative body, agency, government corporation, or other entity of the executive, judicial, or legislative branch of the state government.

(5) "Information technology system" means any related computer or telecommunications components that provide a functional system for a specific business purpose and contain one (1) or more of the following:

(a) Hardware;

(b) Software, including application software, systems management software, utility software, or communications software;

(c) Professional services for requirements analysis, system integration, installation, implementation, or data conversion services; or

(d) Digital data products, including acquisition and quality control.

➔Section 2. KRS 45.750 is amended to read as follows:

(1) As used in KRS 45.760 to 45.810:

(a) "Committee" means the Capital Projects and Bond Oversight Committee;~~[.]~~

(b) "Capital construction item" means:

1. The construction, reconstruction, acquisition, and structural maintenance of buildings;
2. The installation of utility services, including roads and sewers;
3. The acquisition or improvement of real property;
4. The purchase and installation initially or during major renovation of equipment, facilities, and furnishings of a permanent nature for buildings;
5. The acquisition of any building to be occupied by any:
   a. Subdivision of state government as defined in KRS 12.010 or enumerated in KRS 12.020;
   b. Municipal corporation which exercises its authority on a statewide basis including, but not limited to, the Kentucky Employees Retirement System, Teachers' Retirement System of the State of Kentucky, Kentucky Higher Education Student Loan Corporation, Kentucky Lottery Corporation, Kentucky Housing Corporation, or any entity with a governing body whose membership is substantially similar to the membership of the governing body of a municipal corporation which exercises its authority on a statewide basis; and
   c. Institution of higher education;~~[.]~~

(c) "Lease" means any lease, lease-purchase, or lease with an option to purchase of any real property space occupied by:

1. Any entity listed in paragraph (b)5. of this subsection;
2. The legislative branch; or
3. The judicial branch when leased from a private sector landlord;~~[.]~~

(d) "Equipment" means:

1. Any major item of equipment, including aircraft;

2. Any movable furnishing, appurtenance, or other equipment, necessary to make a building operable; and

3. Equipment purchased or otherwise acquired, or equipment to be purchased or otherwise to be acquired, under a lease or lease-purchase contract or agreement or an arrangement equivalent to a lease or lease-purchase contract or agreement;~~.~~

(e) "Information technology system" means any related computer or telecommunications components that provide a functional system for a specific business purpose and contain one (1) or more of the following:

1. Hardware;

2. Software, including application software, systems management software, utility software, or communications software;

3. Professional services for requirements analysis, system integration, installation, implementation, or data conversion services; or

4. Digital data products, including acquisition and quality control;~~.~~

(f) "Capital projects" means, regardless of the source of cash or other consideration:

1. Any capital construction item, or any combination of capital construction items necessary to make a building or utility installation complete, estimated to cost:

a. In the case of institutions of higher education, one million dollars ($1,000,000) or more in cash or other consideration; and

b. In the case of all other entities, six hundred thousand dollars ($600,000) or more in cash or other consideration;

2. Any lease of real property space with an annual rental cost exceeding two hundred thousand dollars ($200,000);

3. The use allowance paid by the judicial branch for a real property space pursuant to KRS 26A.090(2) and 26A.115 when the use allowance for the space exceeds two hundred thousand dollars ($200,000) on an annual basis;

4. Any item of equipment estimated to cost two hundred thousand dollars ($200,000) or more in cash or other consideration;

5. Any lease of an item of movable equipment if the annual cost of the lease is two hundred thousand dollars ($200,000) or more or if the total cost of the lease-purchase or lease with an option to purchase is two hundred thousand dollars ($200,000) or more; and

6. Any new acquisition, upgrade, or replacement of an information technology system estimated to cost:

a. In the case of institutions of higher education, one million dollars ($1,000,000) or more in cash or other consideration; and

b. In the case of all other entities, six hundred thousand dollars ($600,000) or more in cash or other consideration;~~[.]~~

(g) "Emergency repair, maintenance, or replacement project" means the maintenance, repair, or reconstruction of a capital construction project or the maintenance, repair, or replacement of a major item of equipment that is:

1. Necessitated by injury or damage resulting from a disaster;

2. Necessary to maintain government operations or to prevent or minimize injury or damage that could reasonably be expected to result from an impending disaster; or

3. Necessitated by an unforeseen mechanical breakdown, electrical breakdown, or structural defect that must be corrected to make a facility or item of equipment usable;~~[.]~~

(h) "Disaster" means a fire, flood, tornado, other natural disaster, riot, enemy

attack, sabotage, explosion, power failure, energy shortage, transportation emergency, or other man-caused disaster;~~[.]~~

(i) "Capital construction funds" means any funds used for capital construction, including, but not limited to, appropriated capital construction funds, agency funds, federal funds, private funds, or funds from any source held by an agency for management or investment purposes***; and***~~[.]~~

(j) "Entity head" means the Chief Justice of the Supreme Court, the President of the Senate and the Speaker of the House of Representatives, the secretary of the Finance and Administration Cabinet, the president of any university which complies with KRS 164A.585, 164A.595, and 164A.600, the board of trustees of the Kentucky Employees Retirement System, the board of trustees of the Teachers' Retirement System of the State of Kentucky, the board of directors of the Kentucky Higher Education Student Loan Corporation, the board of directors of the Kentucky Lottery Corporation, or the board of directors of the Kentucky Housing Corporation.

(2) Except as provided in subsection (3) of this section, KRS 45.760 to 45.810 shall apply to capital projects and bonds for use by:

(a) The state government;

(b) One of its departments or agencies, as defined in KRS 12.010 or enumerated in KRS 12.020;

(c) A municipal corporation which exercises its authority on a statewide basis, including but not limited to the Kentucky Employees Retirement System, Teachers' Retirement System of the State of Kentucky, Kentucky Higher Education Student Loan Corporation, Kentucky Lottery Corporation, and Kentucky Housing Corporation; and

(d) Institutions of higher education.

(3) KRS 45.760 to 45.810 shall not apply to:

(a) Capital projects or bonds used directly in or for the construction or maintenance of roads, including but not limited to bulldozers, graders, earth movers, and real estate purchased for rights-of-way; and

(b) Political subdivisions, except for those defined in KRS 12.010, enumerated in KRS 12.020, or created as a municipal corporation which exercises its authority on a statewide basis including, but not limited to, the Kentucky Employees Retirement System, Teachers' Retirement System of the State of Kentucky, Kentucky Higher Education Student Loan Corporation, Kentucky Lottery Corporation, Kentucky Housing Corporation, or any entity with a governing body whose membership is substantially similar to the membership of the governing body of a municipal corporation which exercises its authority on a statewide basis. However, the provisions of KRS 45.750 to 45.810 shall not apply to acquisition or maintenance of any building or land which is purchased as a legal investment by any of the state retirement systems, which is not to be occupied by the retirement system, and which is financed solely with those assets of the retirement system used for investment purposes.

➔Section 3. KRS 141.010 is amended to read as follows:

As used in this chapter, unless the context requires otherwise:

(1) "Commissioner" means the commissioner of the Department of Revenue;

(2) "Department" means the Department of Revenue;

(3) "Internal Revenue Code" means the Internal Revenue Code in effect on December 31, ***2015***~~[2013]~~, exclusive of any amendments made subsequent to that date, other than amendments that extend provisions in effect on December 31, ***2015***~~[2013]~~, that would otherwise terminate, and as modified by KRS 141.0101;

(4) "Dependent" means those persons defined as dependents in the Internal Revenue Code;

(5) "Fiduciary" means "fiduciary" as defined in Section 7701(a)(6) of the Internal

Revenue Code;

(6) "Fiscal year" means "fiscal year" as defined in Section 7701(a)(24) of the Internal Revenue Code;

(7) "Individual" means a natural person;

(8) "Modified gross income" means the greater of:

(a) Adjusted gross income as defined in Section 62 of the Internal Revenue Code of 1986, including any subsequent amendments in effect on December 31 of the taxable year, and adjusted as follows:

1. Include interest income derived from obligations of sister states and political subdivisions thereof; and

2. Include lump-sum pension distributions taxed under the special transition rules of Pub. L. No. 104-188, sec. 1401(c)(2); or

(b) Adjusted gross income as defined in subsection (10) of this section and adjusted to include lump-sum pension distributions taxed under the special transition rules of Pub. L. No. 104-188, sec. 1401(c)(2);

(9) "Gross income," in the case of taxpayers other than corporations, means "gross income" as defined in Section 61 of the Internal Revenue Code;

(10) "Adjusted gross income," in the case of taxpayers other than corporations, means gross income as defined in subsection (9) of this section minus the deductions allowed individuals by Section 62 of the Internal Revenue Code and as modified by KRS 141.0101 and adjusted as follows, except that deductions shall be limited to amounts allocable to income subject to taxation under the provisions of this chapter, and except that nothing in this chapter shall be construed to permit the same item to be deducted more than once:

(a) Exclude income that is exempt from state taxation by the Kentucky Constitution and the Constitution and statutory laws of the United States and Kentucky;

(b) Exclude income from supplemental annuities provided by the Railroad Retirement Act of 1937 as amended and which are subject to federal income tax by Public Law 89-699;

(c) Include interest income derived from obligations of sister states and political subdivisions thereof;

(d) Exclude employee pension contributions picked up as provided for in KRS 6.505, 16.545, 21.360, 61.560, 65.155, 67A.320, 67A.510, 78.610, and 161.540 upon a ruling by the Internal Revenue Service or the federal courts that these contributions shall not be included as gross income until such time as the contributions are distributed or made available to the employee;

(e) Exclude Social Security and railroad retirement benefits subject to federal income tax;

(f) Include, for taxable years ending before January 1, 1991, all overpayments of federal income tax refunded or credited for taxable years;

(g) Deduct, for taxable years ending before January 1, 1991, federal income tax paid for taxable years ending before January 1, 1990;

(h) Exclude any money received because of a settlement or judgment in a lawsuit brought against a manufacturer or distributor of "Agent Orange" for damages resulting from exposure to Agent Orange by a member or veteran of the Armed Forces of the United States or any dependent of such person who served in Vietnam;

(i) 1. For taxable years ending prior to December 31, 2005, exclude the applicable amount of total distributions from pension plans, annuity contracts, profit-sharing plans, retirement plans, or employee savings plans.

The "applicable amount" shall be:

a. Twenty-five percent (25%), but not more than six thousand two

hundred fifty dollars ($6,250), for taxable years beginning after December 31, 1994, and before January 1, 1996;

b. Fifty percent (50%), but not more than twelve thousand five hundred dollars ($12,500), for taxable years beginning after December 31, 1995, and before January 1, 1997;

c. Seventy-five percent (75%), but not more than eighteen thousand seven hundred fifty dollars ($18,750), for taxable years beginning after December 31, 1996, and before January 1, 1998; and

d. One hundred percent (100%), but not more than thirty-five thousand dollars ($35,000), for taxable years beginning after December 31, 1997.

2. For taxable years beginning after December 31, 2005, exclude up to forty-one thousand one hundred ten dollars ($41,110) of total distributions from pension plans, annuity contracts, profit-sharing plans, retirement plans, or employee savings plans.

3. As used in this paragraph:

a. "Distributions" includes but is not limited to any lump-sum distribution from pension or profit-sharing plans qualifying for the income tax averaging provisions of Section 402 of the Internal Revenue Code; any distribution from an individual retirement account as defined in Section 408 of the Internal Revenue Code; and any disability pension distribution;

b. "Annuity contract" has the same meaning as set forth in Section 1035 of the Internal Revenue Code; and

c. "Pension plans, profit-sharing plans, retirement plans, or employee savings plans" means any trust or other entity created or organized under a written retirement plan and forming part of a stock bonus,

pension, or profit-sharing plan of a public or private employer for the exclusive benefit of employees or their beneficiaries and includes plans qualified or unqualified under Section 401 of the Internal Revenue Code and individual retirement accounts as defined in Section 408 of the Internal Revenue Code;

(j) 1. a. Exclude the portion of the distributive share of a shareholder's net income from an S corporation subject to the franchise tax imposed under KRS 136.505 or the capital stock tax imposed under KRS 136.300; and

b. Exclude the portion of the distributive share of a shareholder's net income from an S corporation related to a qualified subchapter S subsidiary subject to the franchise tax imposed under KRS 136.505 or the capital stock tax imposed under KRS 136.300.

2. The shareholder's basis of stock held in a S corporation where the S corporation or its qualified subchapter S subsidiary is subject to the franchise tax imposed under KRS 136.505 or the capital stock tax imposed under KRS 136.300 shall be the same as the basis for federal income tax purposes;

(k) Exclude, to the extent not already excluded from gross income, any amounts paid for health insurance, or the value of any voucher or similar instrument used to provide health insurance, which constitutes medical care coverage for the taxpayer, the taxpayer's spouse, and dependents, or for any person authorized to be provided excludable coverage by the taxpayer pursuant to the federal Patient Protection and Affordable Care Act of 2010, Pub. L. No. 111-148, or the Health Care and Education Reconciliation Act of 2010 Pub. L. No. 111-152, during the taxable year. Any amounts paid by the taxpayer for health insurance that are excluded pursuant to this paragraph shall not be allowed as

a deduction in computing the taxpayer's net income under subsection (11) of this section;

(l) Exclude income received for services performed as a precinct worker for election training or for working at election booths in state, county, and local primary, regular, or special elections;

(m) Exclude any amount paid during the taxable year for insurance for long-term care as defined in KRS 304.14-600;

(n) Exclude any capital gains income attributable to property taken by eminent domain;

(o) Exclude any amount received by a producer of tobacco or a tobacco quota owner from the multistate settlement with the tobacco industry, known as the Master Settlement Agreement, signed on November 22, 1998;

(p) Exclude any amount received from the secondary settlement fund, referred to as "Phase II," established by tobacco companies to compensate tobacco farmers and quota owners for anticipated financial losses caused by the national tobacco settlement;

(q) Exclude any amount received from funds of the Commodity Credit Corporation for the Tobacco Loss Assistance Program as a result of a reduction in the quantity of tobacco quota allotted;

(r) Exclude any amount received as a result of a tobacco quota buydown program that all quota owners and growers are eligible to participate in;

(s) Exclude state Phase II payments received by a producer of tobacco or a tobacco quota owner;

(t) Exclude all income from all sources for active duty and reserve members and officers of the Armed Forces of the United States or National Guard who are killed in the line of duty, for the year during which the death occurred and the year prior to the year during which the death occurred. For the purposes of this

paragraph, "all income from all sources" shall include all federal and state death benefits payable to the estate or any beneficiaries; and

(u) For taxable years beginning on or after January 1, 2010, exclude all military pay received by active duty members of the Armed Forces of the United States, members of reserve components of the Armed Forces of the United States, and members of the National Guard, including compensation for state active duty as described in KRS 38.205;

(11) "Net income," in the case of taxpayers other than corporations, means adjusted gross income as defined in subsection (10) of this section, minus:

(a) The deduction allowed by KRS 141.0202;

(b) Any amount paid for vouchers or similar instruments that provide health insurance coverage to employees or their families;

(c) For taxable years beginning on or after January 1, 2010, the amount of domestic production activities deduction calculated at six percent (6%) as allowed in Section 199(a)(2) of the Internal Revenue Code for taxable years beginning before 2010; and

(d) 1. All the deductions allowed individuals by Chapter 1 of the Internal Revenue Code as modified by KRS 141.0101 except:

a. Any deduction allowed by the Internal Revenue Code for state or foreign taxes measured by gross or net income, including state and local general sales taxes allowed in lieu of state and local income taxes under the provisions of Section 164(b)(5) of the Internal Revenue Code;

b. Any deduction allowed by the Internal Revenue Code for amounts allowable under KRS 140.090(1)(h) in calculating the value of the distributive shares of the estate of a decedent, unless there is filed with the income return a statement that such deduction has not

been claimed under KRS 140.090(1)(h);

c. The deduction for personal exemptions allowed under Section 151 of the Internal Revenue Code and any other deductions in lieu thereof;

d. For taxable years beginning on or after January 1, 2010, the domestic production activities deduction allowed under Section 199 of the Internal Revenue Code;

e. Any deduction for amounts paid to any club, organization, or establishment which has been determined by the courts or an agency established by the General Assembly and charged with enforcing the civil rights laws of the Commonwealth, not to afford full and equal membership and full and equal enjoyment of its goods, services, facilities, privileges, advantages, or accommodations to any person because of race, color, religion, national origin, or sex, except nothing shall be construed to deny a deduction for amounts paid to any religious or denominational club, group, or establishment or any organization operated solely for charitable or educational purposes which restricts membership to persons of the same religion or denomination in order to promote the religious principles for which it is established and maintained;

f. Any deduction directly or indirectly allocable to income which is either exempt from taxation or otherwise not taxed under this chapter;

g. The itemized deduction limitation established in 26 U.S.C. sec. 68 shall be determined using the applicable amount from 26 U.S.C. sec. 68 as it existed on December 31, 2006; and

h. A taxpayer may elect to claim the standard deduction allowed by KRS 141.081 instead of itemized deductions allowed pursuant to 26 U.S.C. sec. 63 and as modified by this section; and

2. Nothing in this chapter shall be construed to permit the same item to be deducted more than once;

(12) "Gross income," in the case of corporations, means "gross income" as defined in Section 61 of the Internal Revenue Code and as modified by KRS 141.0101 and adjusted as follows:

(a) Exclude income that is exempt from state taxation by the Kentucky Constitution and the Constitution and statutory laws of the United States;

(b) Exclude all dividend income received after December 31, 1969;

(c) Include interest income derived from obligations of sister states and political subdivisions thereof;

(d) Exclude fifty percent (50%) of gross income derived from any disposal of coal covered by Section 631(c) of the Internal Revenue Code if the corporation does not claim any deduction for percentage depletion, or for expenditures attributable to the making and administering of the contract under which such disposition occurs or to the preservation of the economic interests retained under such contract;

(e) Include in the gross income of lessors income tax payments made by lessees to lessors, under the provisions of Section 110 of the Internal Revenue Code, and exclude such payments from the gross income of lessees;

(f) Include the amount calculated under KRS 141.205;

(g) Ignore the provisions of Section 281 of the Internal Revenue Code in computing gross income;

(h) Exclude income from "safe harbor leases" (Section 168(f)(8) of the Internal Revenue Code);

(i) Exclude any amount received by a producer of tobacco or a tobacco quota owner from the multistate settlement with the tobacco industry, known as the Master Settlement Agreement, signed on November 22, 1998;

(j) Exclude any amount received from the secondary settlement fund, referred to as "Phase II," established by tobacco companies to compensate tobacco farmers and quota owners for anticipated financial losses caused by the national tobacco settlement;

(k) Exclude any amount received from funds of the Commodity Credit Corporation for the Tobacco Loss Assistance Program as a result of a reduction in the quantity of tobacco quota allotted;

(l) Exclude any amount received as a result of a tobacco quota buydown program that all quota owners and growers are eligible to participate in;

(m) For taxable years beginning after December 31, 2004, and before January 1, 2007, exclude the distributive share income or loss received from a corporation defined in subsection (24)(b) of this section whose income has been subject to the tax imposed by KRS 141.040. The exclusion provided in this paragraph shall also apply to a taxable year that begins prior to January 1, 2005, if the tax imposed by KRS 141.040 is paid on the distributive share income by a corporation defined in subparagraphs 2. to 8. of subsection (24)(b) of this section with a return filed for a period of less than twelve (12) months that begins on or after January 1, 2005, and ends on or before December 31, 2005. This paragraph shall not be used to delay payment of the tax imposed by KRS 141.040; and

(n) Exclude state Phase II payments received by a producer of tobacco or a tobacco quota owner;

(13) "Net income," in the case of corporations, means "gross income" as defined in subsection (12) of this section minus:

(a) The deduction allowed by KRS 141.0202;

(b) Any amount paid for vouchers or similar instruments that provide health insurance coverage to employees or their families;

(c) For taxable years beginning on or after January 1, 2010, the amount of domestic production activities deduction calculated at six percent (6%) as allowed in Section 199(a)(2) of the Internal Revenue Code for taxable years beginning before 2010; and

(d) All the deductions from gross income allowed corporations by Chapter 1 of the Internal Revenue Code and as modified by KRS 141.0101, except:

1. Any deduction for a state tax which is computed, in whole or in part, by reference to gross or net income and which is paid or accrued to any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or to any foreign country or political subdivision thereof;

2. The deductions contained in Sections 243, 244, 245, and 247 of the Internal Revenue Code;

3. The provisions of Section 281 of the Internal Revenue Code shall be ignored in computing net income;

4. Any deduction directly or indirectly allocable to income which is either exempt from taxation or otherwise not taxed under the provisions of this chapter, and nothing in this chapter shall be construed to permit the same item to be deducted more than once;

5. Exclude expenses related to "safe harbor leases" (Section 168(f)(8) of the Internal Revenue Code);

6. Any deduction for amounts paid to any club, organization, or establishment which has been determined by the courts or an agency established by the General Assembly and charged with enforcing the

civil rights laws of the Commonwealth, not to afford full and equal membership and full and equal enjoyment of its goods, services, facilities, privileges, advantages, or accommodations to any person because of race, color, religion, national origin, or sex, except nothing shall be construed to deny a deduction for amounts paid to any religious or denominational club, group, or establishment or any organization operated solely for charitable or educational purposes which restricts membership to persons of the same religion or denomination in order to promote the religious principles for which it is established and maintained;

7. Any deduction prohibited by KRS 141.205;

8. Any dividends-paid deduction of any captive real estate investment trust; and

9. For taxable years beginning on or after January 1, 2010, the domestic production activities deduction allowed under Section 199 of the Internal Revenue Code;

(14) (a) "Taxable net income," in the case of corporations that are taxable in this state, means "net income" as defined in subsection (13) of this section;

(b) "Taxable net income," in the case of corporations that are taxable in this state and taxable in another state, means "net income" as defined in subsection (13) of this section and as allocated and apportioned under KRS 141.120. A corporation is taxable in another state if, in any state other than Kentucky, the corporation is required to file a return for or pay a net income tax, franchise tax measured by net income, franchise tax for the privilege of doing business, or corporate stock tax;

(c) "Taxable net income," in the case of homeowners' associations as defined in Section 528(c) of the Internal Revenue Code, means "taxable income" as

defined in Section 528(d) of the Internal Revenue Code. Notwithstanding the provisions of subsection (3) of this section, the Internal Revenue Code sections referred to in this paragraph shall be those code sections in effect for the applicable tax year; and

(d) "Taxable net income," in the case of a corporation that meets the requirements established under Section 856 of the Internal Revenue Code to be a real estate investment trust, means "real estate investment trust taxable income" as defined in Section 857(b)(2) of the Internal Revenue Code, except that a captive real estate investment trust shall not be allowed any deduction for dividends paid;

(15) "Person" means "person" as defined in Section 7701(a)(1) of the Internal Revenue Code;

(16) "Taxable year" means the calendar year or fiscal year ending during such calendar year, upon the basis of which net income is computed, and in the case of a return made for a fractional part of a year under the provisions of this chapter or under regulations prescribed by the commissioner, "taxable year" means the period for which the return is made;

(17) "Resident" means an individual domiciled within this state or an individual who is not domiciled in this state, but maintains a place of abode in this state and spends in the aggregate more than one hundred eighty-three (183) days of the taxable year in this state;

(18) "Nonresident" means any individual not a resident of this state;

(19) "Employer" means "employer" as defined in Section 3401(d) of the Internal Revenue Code;

(20) "Employee" means "employee" as defined in Section 3401(c) of the Internal Revenue Code;

(21) "Number of withholding exemptions claimed" means the number of withholding

exemptions claimed in a withholding exemption certificate in effect under KRS 141.325, except that if no such certificate is in effect, the number of withholding exemptions claimed shall be considered to be zero;

(22) "Wages" means "wages" as defined in Section 3401(a) of the Internal Revenue Code and includes other income subject to withholding as provided in Section 3401(f) and Section 3402(k), (o), (p), (q), and (s) of the Internal Revenue Code;

(23) "Payroll period" means "payroll period" as defined in Section 3401(b) of the Internal Revenue Code;

(24) (a) For taxable years beginning before January 1, 2005, and after December 31, 2006, "corporation" means "corporation" as defined in Section 7701(a)(3) of the Internal Revenue Code; and

(b) For taxable years beginning after December 31, 2004, and before January 1, 2007, "corporations" means:

1. "Corporations" as defined in Section 7701(a)(3) of the Internal Revenue Code;
2. S corporations as defined in Section 1361(a) of the Internal Revenue Code;
3. A foreign limited liability company as defined in KRS 275.015;
4. A limited liability company as defined in KRS 275.015;
5. A professional limited liability company as defined in KRS 275.015;
6. A foreign limited partnership as defined in KRS 362.2-102(9);
7. A limited partnership as defined in KRS 362.2-102(14);
8. A limited liability partnership as defined in KRS 362.155(7) or in 362.1-101(7) or (8);
9. A real estate investment trust as defined in Section 856 of the Internal Revenue Code;
10. A regulated investment company as defined in Section 851 of the

Internal Revenue Code;

11. A real estate mortgage investment conduit as defined in Section 860D of the Internal Revenue Code;

12. A financial asset securitization investment trust as defined in Section 860L of the Internal Revenue Code; and

13. Other similar entities created with limited liability for their partners, members, or shareholders.

For purposes of this paragraph, "corporation" shall not include any publicly traded partnership as defined by Section 7704(b) of the Internal Revenue Code that is treated as a partnership for federal tax purposes under Section 7704(c) of the Internal Revenue Code or its publicly traded partnership affiliates. As used in this paragraph, "publicly traded partnership affiliates" shall include any limited liability company or limited partnership for which at least eighty percent (80%) of the limited liability company member interests or limited partner interests are owned directly or indirectly by the publicly traded partnership;

(25) "Doing business in this state" includes but is not limited to:

(a) Being organized under the laws of this state;

(b) Having a commercial domicile in this state;

(c) Owning or leasing property in this state;

(d) Having one (1) or more individuals performing services in this state;

(e) Maintaining an interest in a pass-through entity doing business in this state;

(f) Deriving income from or attributable to sources within this state, including deriving income directly or indirectly from a trust doing business in this state, or deriving income directly or indirectly from a single-member limited liability company that is doing business in this state and is disregarded as an entity separate from its single member for federal income tax purposes; or

(g) Directing activities at Kentucky customers for the purpose of selling them goods or services.

Nothing in this subsection shall be interpreted in a manner that goes beyond the limitations imposed and protections provided by the United States Constitution or Pub. L. No. 86-272;

(26) "Pass-through entity" means any partnership, S corporation, limited liability company, limited liability partnership, limited partnership, or similar entity recognized by the laws of this state that is not taxed for federal purposes at the entity level, but instead passes to each partner, member, shareholder, or owner their proportionate share of income, deductions, gains, losses, credits, and any other similar attributes;

(27) "S corporation" means "S corporation" as defined in Section 1361(a) of the Internal Revenue Code;

(28) "Limited liability pass-through entity" means any pass-through entity that affords any of its partners, members, shareholders, or owners, through function of the laws of this state or laws recognized by this state, protection from general liability for actions of the entity; and

(29) "Captive real estate investment trust" means a real estate investment trust as defined in Section 856 of the Internal Revenue Code that meets the following requirements:

(a) 1. The shares or other ownership interests of the real estate investment trust are not regularly traded on an established securities market; or

2. The real estate investment trust does not have enough shareholders or owners to be required to register with the Securities and Exchange Commission; and

(b) 1. The maximum amount of stock or other ownership interest that is owned or constructively owned by a corporation equals or exceeds:

a. Twenty-five percent (25%), if the corporation does not occupy

property owned, constructively owned, or controlled by the real estate investment trust; or

b. Ten percent (10%), if the corporation occupies property owned, constructively owned, or controlled by the real estate investment trust.

The total ownership interest of a corporation shall be determined by aggregating all interests owned or constructively owned by a corporation;

2. For the purposes of this paragraph:

a. "Corporation" means a corporation taxable under KRS 141.040, and includes an affiliated group as defined in KRS 141.200, that is required to file a consolidated return pursuant to the provisions of KRS 141.200; and

b. "Owned or constructively owned" means owning shares or having an ownership interest in the real estate investment trust, or owning an interest in an entity that owns shares or has an ownership interest in the real estate investment trust. Constructive ownership shall be determined by looking across multiple layers of a multilayer pass-through structure; and

(c) The real estate investment trust is not owned by another real estate investment trust.

➔Section 4. KRS 157.618 is amended to read as follows:

(1) The emergency and targeted investment fund is hereby created as a restricted fund in the State Treasury, to be administered by the School Facilities Construction Commission.

(2) (a) Notwithstanding KRS 45.229 or any other provision of the Kentucky Revised Statutes, any appropriations to the School Facilities Construction Commission

that have not been expended at the end of a fiscal year shall not lapse but shall be transferred to the emergency and targeted investment fund. The fund may also receive other appropriations from the General Assembly and reimbursements from local school districts.

(b) Notwithstanding KRS 45.229, amounts remaining in the emergency and targeted investment fund at the end of a fiscal year shall not lapse but shall be carried forward to the next fiscal year, to be used for the purposes set forth in this section.

(3) Notwithstanding KRS 157.620 and 157.622, the commission may use moneys in the fund to*:*

(a) Offer grants for the purposes of financing the construction and equipping of new facilities, or the major renovation of current facilities, if a local school district's facilities are:

1. ~~[(a)]~~ Destroyed or severely damaged by an emergency. For the purposes of this paragraph, "emergency" means a condition that arises from an accident, catastrophe, or other unforeseen occurrence such as a fire, storm, flood, or other event that involves unusual danger to the lives or property of area residents; *or*

2. ~~[(b)]~~ Destroyed or severely damaged through a criminal or negligent act*; or*

(b) Award a cash grant to a school district to assist in bringing the school up to code if:

1. A school building is to be closed by a state or federal official or agency, including the state fire marshal or the Department for Environmental Protection; and

2. The Kentucky Department of Education has declared the situation to be an emergency ~~[;~~

~~(c) Rendered structurally unsound, hazardous, or uninhabitable as determined by local authorities or the commissioner of education; or~~

~~(d) Reasonably expected to be rendered uninhabitable within the course of two (2) years as determined by local authorities or the commissioner of education~~].

(4) If a school district receives assistance from the commission under this section and subsequently, as a result of litigation or insurance, receives funds for the original facility, the school district shall reimburse the fund an amount equal to the amount received pursuant to this section. If the litigation or insurance receipts are less than the amount received under this section, the district shall reimburse the fund an amount equal to the amount received as a result of litigation or insurance, less the district's costs and legal fees in securing the judgment or payment.

(5) The commission, in cooperation with the department, shall promulgate administrative regulations under KRS Chapter 13A establishing the process to apply for and receive funds from the emergency and targeted investment fund.

(6) By October 1 of each year, the commission shall provide a report on the fund's activities to the Legislative Research Commission.

➔Section 5. KRS 157.621 is amended to read as follows:

(1) In addition to the levy required by KRS 157.440(1)(b) to participate in the Facilities Support Program of Kentucky, local school districts that have made the levy required by KRS 157.440(1)(b) are authorized to levy the following additional equivalent rates to support debt service, new facilities, or major renovations of existing school facilities, which levies shall not be subject to recall under any provision of the Kentucky Revised Statutes, or to voter approval under the provisions of KRS 157.440(2):

(a) 1. Prior to April 24, 2008, local school districts that have experienced student population growth during a five (5) year period may levy an additional five cents ($0.05) equivalent rate for debt service and new

facilities. The tax rate levied by the district under this provision shall not be equalized by state funding, except as provided in paragraph (b) of this subsection. Any levy imposed under this paragraph prior to April 24, 2008, by a local school district shall continue until removed by the local school district.

2. A local school district shall meet the following criteria in order to levy the tax provided in subparagraph 1. of this paragraph:

a. Growth of at least one hundred fifty (150) students in average daily attendance and three percent (3%) overall growth for the five (5) preceding years;

b. Bonded debt to the maximum capability of at least eighty percent (80%) of capital outlay from the Support Education Excellence in Kentucky funding program, all revenue from the local facility tax, and all receipts from state equalization on the local facility tax;

c. Current student enrollment in excess of available classroom space; and

d. A local school facility plan that has been approved by the Kentucky Board of Education and certified to the School Facilities Construction Commission.

(b) 1. In addition to the levy authorized by paragraph (a) of this subsection, a local school district may levy an additional five cents ($0.05) equivalent rate under the same terms and conditions established by paragraph (a) of this subsection beginning in fiscal year 2003-2004 if the levy was made prior to April 24, 2008, and if the local school district:

a. Levied the five cents ($0.05) equivalent rate authorized by paragraph (a) of this subsection; and

b. Still meets the requirements established by paragraph (a)2. of this

subsection.

2. Any school district that imposes both the levy authorized by paragraph (a) of this subsection and the additional levy authorized by subparagraph 1. of this paragraph shall receive equalization funding from the state for the levy imposed by paragraph (a) of this subsection beginning in fiscal year 2003-2004. Equalization shall be provided at one hundred fifty percent (150%) of the statewide average per pupil assessment, subject to the provision of funding by the General Assembly. Equalization funds shall be used as provided in KRS 157.440(1)(b).

3. Any levy imposed under this paragraph prior to April 24, 2008, by a local school district shall continue until removed by the local school district.

(c) 1. A local school district that meets the following conditions may levy an additional five cents ($0.05) equivalent rate on and after April 24, 2008:

a. The local school district is located in a county that will have more students as a direct result of the new mission established for Fort Knox by the Base Realignment and Closure (BRAC) 2005 issued by the United States Department of Defense pursuant to the Defense Base Closure and Realignment Act of 1990, Pub. L. No. 100-526, Part A of Title XXIX of 104 Stat. 1808, 10 U.S.C. sec. 2687 note; and

b. The commissioner of education has determined, based upon the presentation of credible data, that the projected increased number of students is sufficient to require new facilities or the major renovation of existing facilities to accommodate the new students, and has approved the imposition of the additional levy.

2. Any local school district that imposes both the levy authorized by

paragraph (a) of this subsection and the additional levy authorized by subparagraph 1. of this paragraph, and that has not received equalization funding under subsection (2) or (3) of this section, shall receive equalization funding from the state for the levy imposed by paragraph (a) of this subsection beginning in the fiscal year following the fiscal year in which the levy authorized by subparagraph 1. of this paragraph is imposed. Equalization shall be provided at one hundred fifty percent (150%) of the statewide average per pupil assessment, subject to the provision of funding by the General Assembly. Equalization funds shall be used as provided in KRS 157.440(1)(b).

3. Any levy imposed under this paragraph by a local school district shall continue until removed by the local school district.

(2) ***(a)*** Any local school district that, prior to ***the effective date of this Act***~~[April 24, 2008]~~, levied an equivalent rate that:

1.~~[(a)]~~ Was subject to recall at the time it was levied; and

2.~~[(b)]~~ Included a rate of at least five cents ($0.05) equivalent rate for the purpose of debt service for school construction or major renovation of existing school facilities;

shall be eligible for retroactive equalization from the state for that levy at one hundred fifty percent (150%) of the statewide average per pupil assessment beginning in fiscal year 2003-2004, subject to the ***fiscal condition of the Commonwealth and the*** provision of funding by the General Assembly. Equalization funds shall be used as provided in KRS 157.440(1)(b).

(b) It is the intent of the General Assembly that for levies described in this subsection that are imposed on or after the effective date of this Act, equalization funds, if provided by the General Assembly, shall terminate upon the earlier of June 30, 2038, or the date the bonds for the local school

district supported by this equalization funding are retired. Equalization shall be subject to the fiscal condition of the Commonwealth and the provision of funding by the General Assembly.

(3) Any local school district that:

(a) Levied an equivalent tax rate as of April 24, 2008, that included at least ten cents ($0.10) that was devoted to building purposes, or that had debt service corresponding to a ten cents ($0.10) equivalent rate;

(b) Did not receive equalized growth funding pursuant to subsection (1)(b)2. of this section; and

(c) Has been approved by the commissioner of education;

shall be eligible for equalization from the state for that levy at one hundred fifty percent (150%) of the statewide average per pupil assessment beginning in fiscal year 2005-2006, subject to the provision of funding by the General Assembly. Equalization funds shall be used as provided in KRS 157.440(1)(b). Equalization funds shall be available to a local school district pursuant to this subsection until the earlier of June 30, 2025, or the date the bonds for the local school district supported by this equalization funding are retired.

(4) (a) Notwithstanding any other provision of this section, any local school district receiving equalization funding ***prior to the effective date of this Act***~~[on April 24, 2008]~~, related to an equivalent rate levy described in subsection (1), (2),~~[or]~~ (3)***, or (5)*** of this section shall continue to receive the equalization funding related to the applicable equivalent rate levy, subject to the limitations established by subsections (1), (2),~~[and]~~ (3)***, and (5)*** of this section, and subject to the ***fiscal condition of the Commonwealth and the*** provision of funding by the General Assembly, until amended by subsequent action of the General Assembly. A local school district described in this paragraph shall not be eligible to receive equalization for any additional equivalent rate levies

made by it on or after ***the effective date of this Act***~~[April 24, 2008]~~.

(b) Notwithstanding any other provision of this section, any local school district that has imposed an equivalent rate levy described in subsection (1)(a) or (b) or (2) of this section ***prior to the effective date of this Act***~~[as of April 24, 2008]~~, that qualifies for equalization but that has not yet received equalization funding shall be eligible for equalization funding as provided in subsection (1)(a) or (b) or (2) of this section, subject to the provision of funding by the General Assembly.

(c) On and after April 24, 2008, a local school district not included in paragraph (a) or (b) of this subsection shall be prohibited from imposing an equivalent rate levy under the provisions of subsection (1)(a) or (b) of this section, and shall not be eligible for equalization funding under the provisions of this section.

(d) On and after April 24, 2008, a local school district meeting the requirements of subsection (1)(c) of this section may impose the levy authorized by subsection (1)(c) of this section, and shall qualify for equalization as provided in subsection (1)(c) of this section, subject to the provision of funding by the General Assembly.

(5) (a) Any local school district that:

1. Had school facilities classified as Category 5 on May 18, 2010, by the Kentucky Department of Education; and

2. Levied an additional five cents ($0.05) equivalent tax rate prior to the effective date of this Act for debt service, new construction, and major renovation beyond the five cents ($0.05) equivalent tax rate required by KRS 157.440(1)(b), except as provided in paragraph (b) of this subsection;

shall be eligible for equalization from the state for that levy at one hundred

fifty percent (150%) of the statewide average per pupil assessment beginning in the fiscal year following the fiscal year in which the levy was imposed. This levy shall be subject to the recall provisions of KRS 132.017.

(b) School districts that levied a five cents ($0.05) equivalent tax rate for debt service, new construction, and major renovation, beyond the rate required by KRS 157.440(1)(b) prior to May 18, 2010, shall not be required to levy an additional tax to receive the equalization funds provided in paragraph (a) of this subsection.

(c) If the school district utilizes the equalization funds to support a bond issue for construction purposes, equalization funds shall be provided until the earlier of twenty (20) years or date the bonds are retired.

(d) In the event that a school district receives funding pursuant to this subsection to support construction of a new school facility and subsequently, as a result of litigation, receives funding for the same facility for which state funds were provided, that school district shall reimburse the Commonwealth an amount equal to the amount provided under paragraph (a) of this subsection. Any funds received in this manner shall be deposited in the Budget Reserve Trust Fund Account established in KRS 48.705.

➔Section 6. KRS 158.070 is amended to read as follows:

(1) As used in this section:

(a) *"Election" has the same meaning as in KRS 121.015;*

(b) "Minimum school term" or "school term" means not less than one hundred eighty-five (185) days composed of the student attendance days, teacher professional days, and holidays;

(c)~~[(b)]~~ "School calendar" means the document adopted by a local board of education that establishes the minimum school term, student instructional year, and days that school will not be in session;

(d)~~[(c)]~~ "Student attendance day" means any day that students are scheduled to be at school to receive instruction, and encompasses the designated start and dismissal time;

(e)~~[(d)]~~ "Student instructional year" means at least one thousand sixty-two (1,062) hours of instructional time for students delivered on not less than one hundred seventy (170) student attendance days; and

(f)~~[(e)]~~ "Teacher professional day" means any day teachers are required to report to work as determined by a local board of education, with or without the presence of students.

(2) The local board of education, upon recommendation of the local school district superintendent, shall annually adopt a school calendar for the upcoming school year that establishes the opening and closing dates of the school term, beginning and ending dates of each school month, student attendance days, and days on which schools shall be dismissed. The local board may schedule days for breaks in the school calendar that shall not be counted as a part of the minimum school term.

(3) (a) Each local board of education shall use four (4) days of the minimum school term for professional development and collegial planning activities for the professional staff without the presence of students pursuant to the requirements of KRS 156.095. At the discretion of the superintendent, one (1) day of professional development may be used for district-wide activities and for training that is mandated by federal or state law. The use of three (3) days shall be planned by each school council, except that the district is encouraged to provide technical assistance and leadership to school councils to maximize existing resources and to encourage shared planning.

(b) In addition to the four (4) days required under paragraph (a) of this subsection, a minimum of two (2) hours of self-study review of suicide prevention materials shall be required for all high school and middle school principals,

guidance counselors, and teachers each school year.

(c) A local board may approve a school's flexible professional development plan that permits teachers or other certified personnel within a school to participate in professional development activities outside the days scheduled in the school calendar or the regularly scheduled hours in the school work day and receive credit towards the four (4) day professional development requirement within the minimum one hundred eighty-five (185) days that a teacher shall be employed.

1. A flexible schedule option shall be reflected in the school's professional development component within the school improvement plan or consolidated plan and approved by the local board. Credit for approved professional development activities may be accumulated in periods of time other than full day segments.

2. No teacher or administrator shall be permitted to count participation in a professional development activity under the flexible schedule option unless the activity is related to the teacher's classroom assignment and content area, or the administrator's job requirements, or is required by the school improvement or consolidated plan, or is tied to the teacher's or the administrator's individual growth plan. The supervisor shall give prior approval and shall monitor compliance with the requirements of this paragraph. In the case of teachers, a professional development committee or the school council by council policy may be responsible for reviewing requests for approval.

(d) The local board of each school district may use up to a maximum of four (4) days of the minimum school term for holidays; provided, however, any holiday which occurs on Saturday may be observed on the preceding Friday.

(e) Each local board may use two (2) days for planning activities without the

presence of students.

(f) Each local board may close schools for the number of days deemed necessary for:

1. National or state emergency or mourning when proclaimed by the President of the United States or the Governor of the Commonwealth of Kentucky;

2. Local emergency which would endanger the health or safety of children; and

3. Mourning when so designated by the local board of education and approved by the Kentucky Board of Education upon recommendation of the commissioner of education.

(4) (a) The Kentucky Board of Education, upon recommendation of the commissioner of education, shall adopt administrative regulations governing the use of student attendance days as a result of a local emergency, as described in subsection (3)(f)2. of this section, and regulations setting forth the guidelines and procedures to be observed for the approval of waivers from the requirements of a student instructional year in subsection (1)(d) of this section for districts that wish to adopt innovative instructional calendars, or for circumstances that would create extreme hardship.

(b) If a local board of education amends its school calendar after its adoption due to an emergency, it may lengthen or shorten any remaining student attendance days by thirty (30) minutes or more, as it deems necessary, provided the amended calendar complies with the requirements of a student instructional year in subsection (1)(d) of this section. No student attendance day shall contain more than seven (7) hours of instructional time unless the district submitted and received approval from the commissioner of education for an innovative alternative calendar.

(5) (a) ***1.*** In setting the school calendar, school may be closed for two (2) consecutive days for the purpose of permitting professional school employees to attend statewide professional meetings.

2. These two (2) days for statewide professional meetings may be scheduled to begin with the first Thursday after Easter, or upon request of the statewide professional education association having the largest paid membership, the commissioner of education may designate alternate dates.

3. If schools are scheduled to operate during days designated for the statewide professional meeting, the school district shall permit employees who are delegates to attend as compensated professional leave time and shall employ substitute teachers in their absence.

4. The commissioner of education shall designate one (1) additional day during the school year when schools may be closed to permit professional school employees to participate in regional or district professional meetings.

5. These three (3) days so designated for attendance at professional meetings may be counted as a part of the minimum school term.

(b) 1. If any school in a district is used as a polling place, the school ***district*** shall be closed on the day of ***the***~~[a regular]~~ election~~[and on the day of a primary election]~~, and those days may be used for professional development activities, professional meetings, or parent-teacher conferences.

2. A district may be open on the day of an election if no school in the district is used as a polling place.

(c)~~[(b)]~~ All schools shall be closed on the third Monday of January in observance of the birthday of Martin Luther King, Jr. Districts may:

1. Designate the day as one (1) of the four (4) holidays permitted under subsection (3)(d) of this section; or
2. Not include the day in the minimum school term specified in subsection (1) of this section.

(6) (a) The Kentucky Board of Education, or the organization or agency designated by the board to manage interscholastic athletics, shall be encouraged to schedule athletic competitions outside the regularly scheduled student attendance day.

(b) Beginning with the 2009-2010 school year, any member of a school-sponsored interscholastic athletic team who competes in a regional tournament or state tournament sanctioned by the Kentucky Board of Education, or the organization or agency designated by the board to manage interscholastic athletics, and occurring on a regularly scheduled student attendance day may be counted present at school on the date or dates of the competition, as determined by local board policy, for a maximum of two (2) days per student per year. The student shall be expected to complete any assignments missed on the date or dates of the competition.

(c) The school attendance record of any student for whom paragraph (b) of this subsection applies shall indicate that the student was in attendance on the date or dates of competition.

(7) Students applying for excused absence for attendance at the Kentucky State Fair shall be granted one (1) day of excused absence.

(8) Schools shall provide continuing education for those students who are determined to need additional time to achieve the outcomes defined in KRS 158.6451, and schools shall not be limited to the minimum school term in providing this education. Continuing education time may include extended days, extended weeks, or extended years. A local board of education may adopt a policy requiring its

students to participate in continuing education. The local policy shall set out the conditions under which attendance will be required and any exceptions which are provided. The Kentucky Board of Education shall promulgate administrative regulations establishing criteria for the allotment of grants to local school districts and shall include criteria by which the commissioner of education may approve a district's request for a waiver to use an alternative service delivery option, including providing services during the student attendance day on a limited basis. These grants shall be allotted to school districts to provide instructional programs for pupils who are identified as needing additional time to achieve the outcomes defined in KRS 158.6451. A school district that has a school operating a model early reading program under KRS 158.792 may use a portion of its grant money as part of the matching funds to provide individualized or small group reading instruction to qualified students outside of the regular classroom during the student attendance day.

(9) Notwithstanding any other statute, each school term shall include no less than the equivalent of the student instructional year in subsection (1)(d) of this section, except that the commissioner of education may grant up to the equivalent of ten (10) student attendance days for school districts that have an alternative instruction plan approved by the commissioner of education for the use of alternative methods of instruction, including virtual learning, on days when the school district is closed for health or safety reasons, on nontraditional days, or on nontraditional time. The district's plan shall demonstrate how teaching and learning in the district will not be negatively impacted. Average daily attendance for purposes of Support Education Excellence in Kentucky program funding during the student attendance days granted shall be calculated in compliance with administrative regulations promulgated by the Kentucky Board of Education.

(10) Notwithstanding the provisions of KRS 158.060(3) and the provisions of subsection

(2) of this section, a school district shall arrange bus schedules so that all buses arrive in sufficient time to provide breakfast prior to the beginning of the student attendance day. In the event of an unforeseen bus delay, the administrator of a school that participates in the Federal School Breakfast Program may authorize up to fifteen (15) minutes of the student attendance day if necessary to provide the opportunity for children to eat breakfast not to exceed eight (8) times during the school year within a school building.

(11) Notwithstanding any other statute to the contrary, the following provisions shall apply to a school district that misses student attendance days due to emergencies, including weather-related emergencies:

(a) A certified school employee shall be considered to have fulfilled the minimum one hundred eighty-five (185) day contract with a school district under KRS 157.350 and shall be given credit for the purpose of calculating service credit for retirement under KRS 161.500 for certified school personnel if:

1. State and local requirements under this section are met regarding the equivalent of the number and length of student attendance days, teacher professional days, professional development days, holidays, and days for planning activities without the presence of students; and

2. The provisions of the district's school calendar to make up student attendance days missed due to any emergency, as approved by the Kentucky Department of Education when required, including but not limited to a provision for additional instructional time per day, are met.

(b) Additional time worked by a classified school employee shall be considered as equivalent time to be applied toward the employee's contract and calculation of service credit for classified employees under KRS 78.615 if:

1. The employee works for a school district with a school calendar approved by the Kentucky Department of Education that contains a

provision that additional instructional time per day shall be used to make up full days missed due to an emergency;

2. The employee's contract requires a minimum six (6) hour work day; and

3. The employee's job responsibilities and work day are extended when the instructional time is extended for the purposes of making up time.

(c) Classified employees who are regularly scheduled to work less than six (6) hours per day and who do not have additional work responsibilities as a result of lengthened student attendance days shall be excluded from the provisions of this subsection. These employees may be assigned additional work responsibilities to make up service credit under KRS 78.615 that would be lost due to lengthened student attendance days.

➔Section 7. KRS 224.50-868 is amended to read as follows:

(1) Until June 30, ***2018*** ~~[2016]~~, a person purchasing a new motor vehicle tire in Kentucky shall pay to the retailer a one dollar ($1) fee at the time of the purchase of that tire. A new tire is a tire that has never been placed on a motor vehicle wheel rim, but it is not a tire placed on a motor vehicle prior to its original retail sale or a recapped tire. The term "motor vehicle" as used in this section shall mean "motor vehicle" as defined in KRS 138.450. The fee shall not be subject to the Kentucky sales tax.

(2) When a person purchases a new motor vehicle tire in Kentucky to replace another tire, the tire that is replaced becomes a waste tire subject to the waste tire program. The person purchasing the new motor vehicle tire shall be encouraged by the retailer to leave the waste tire with the retailer or meet the following requirements:

(a) Dispose of the waste tire in accordance with KRS 224.50-856(1);

(b) Deliver the waste tire to a person registered in accordance with the waste tire program; or

(c) Reuse the waste tire for its original intended purpose or an agricultural

purpose.

(3) A retailer shall report to the Department of Revenue on or before the twentieth day of each month the number of new motor vehicle tires sold during the preceding month and the number of waste tires received from customers that month. The report shall be filed on forms and contain information as the Department of Revenue may require. The retailer shall remit with the report ninety-five percent (95%) of the fees collected for the preceding month and may retain a five percent (5%) handling fee.

(4) A retailer shall:

(a) Accept from the purchaser of a new tire, if offered, for each new motor vehicle tire sold, a waste tire of similar size and type; and

(b) Post notice at the place where retail sales are made that state law requires the retailer to accept, if offered, a waste tire for each new motor vehicle tire sold and that a person purchasing a new motor vehicle tire to replace another tire shall comply with subsection (2) of this section. The notice shall also include the following wording: "State law requires a new tire buyer to pay one dollar ($1) for each new tire purchased. The money is collected and used by the state to oversee the management of waste tires, including cleaning up abandoned waste tire piles and preventing illegal dumping of waste tires."

(5) A retailer shall comply with the requirements of the recordkeeping system for waste tires established by KRS 224.50-874.

(6) A retailer shall transfer waste tires only to a person who presents a letter from the cabinet approving the registration issued under KRS 224.50-858 or a copy of a solid waste disposal facility permit issued by the cabinet, unless the retailer is delivering the waste tires to a destination outside Kentucky and the waste tires will remain in the retailer's possession until they reach that destination.

(7) The cabinet shall, in conjunction with the Waste Tire Working Group, develop the

informational fact sheet to be made publicly available on the cabinet's Web site and available in print upon request. The fact sheet shall identify ways to properly dispose of the waste tire and present information on the problems caused by improper waste tire disposal.

➔Section 8. (1) Administrative Fee on Infrastructure for Economic Development Fund Projects: A one-half of one percent administrative fee is authorized to be paid to the Kentucky Infrastructure Authority for the administration of each project funded by the Infrastructure for Economic Development Fund for Coal-Producing Counties and the Infrastructure for Economic Development Fund for Tobacco Counties. These administrative fees shall be paid, upon inception of the project, out of the fund from which the project was allocated.

(2) Executive Agency Lobbyists Registration Fee: Notwithstanding KRS 11A.211(5), the registration fee paid shall be $500.

(3) Charges for Federal, State, and Local Audits: Any additional expenses incurred by the Auditor of Public Accounts for required audits of Federal Funds shall be charged to the government or agency that is the subject of the audit. Because the Auditor of Public Accounts receives General Fund appropriations for audits of the statewide systems of personnel and payroll, cash and investments, revenue collection, and the state accounting system, any expenses incurred by the Auditor of Public Accounts for audits of other state agencies shall be charged to the agency that is the subject of such audit. The Auditor of Public Accounts shall maintain a record of all time and expenses for each audit or investigation.

Any expenses incurred by the Auditor of Public Accounts for auditing individual governmental entities when mandated by a legislative committee shall be charged to the agency or entity receiving audit services.

(4) Personnel Board Operating Assessment: Each agency of the Executive Branch with employees covered by KRS Chapter 18A shall be assessed each fiscal year the

amount required for the operation of the Personnel Board. The agency assessment shall be determined by the Secretary of the Finance and Administration Cabinet based on the authorized full-time positions of each agency on July 1 of each year of the biennium. The Secretary of the Finance and Administration Cabinet shall collect the assessment.

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

(6) Pro Rata Assessment: The Personnel Cabinet shall collect a pro rata assessment from all state agencies, in all three branches of government, and other organizations that are supported by the System. Those collections shall be deposited and retained in a Restricted Funds account within the Personnel Cabinet.

(7) Premium and Retaliatory Taxes: Notwithstanding KRS 304.17B-021(4)(d), premium taxes collected under KRS Chapter 136 from any insurer and retaliatory taxes collected under KRS 304.3-270 from any insurer shall be credited to the General Fund.

(8) Speed Title Procedure for Motor Vehicles: Notwithstanding KRS 186A.170(1)(b) and 601 KAR 9:200, sec. 2, (5) to the contrary, salvage or rebuilt titles shall be processed through the speed title procedure when an electronic notification is issued by a county clerk's office. The speed title fee provided in KRS 186A.130(3) shall apply.

➔Section 9. Assessment on Insurers: Notwithstanding KRS 304.17B-021 or any other provision of the Kentucky Revised Statutes to the contrary, for insurers who offer qualified health plans (QHPs), as defined in 42 U.S.C. sec. 18021, in the 2017 or 2018 plan year on the federal exchange in the individual market segment, the amount of the assessment imposed by KRS 304.17B-021 on health benefit plan premiums written in the individual market segment may be independently determined by the Department of Insurance but shall not exceed the maximum set forth in KRS 304.17B-021.

➔Section 10. Section 8 of this Act is effective for and applies to the fiscal year beginning July 1, 2016, and ending June 30, 2017, and the fiscal year beginning July 1, 2017, and ending June 30, 2018, and shall expire at the end of June 30, 2018.

➔Section 11. Section 9 of this Act is effective for and applies to the plan year beginning January 1, 2017, and ending December 31, 2017, and the plan year beginning January 1, 2018, and ending December 31, 2018, and shall expire at the end of December 31, 2018.

➔Section 12. Whereas this Act applies to the balancing of the Executive Branch Budget, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Legislative Branch

House Bill 499

GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2016 REGULAR SESSION

HOUSE BILL NO. 499

WEDNESDAY, MARCH 16, 2016

The following bill was reported to the Senate from the House and ordered to be printed.

AN ACT making appropriations for the operations, maintenance, and support of the Legislative Branch of the Commonwealth of Kentucky.

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

➔Section 1. The Legislative Branch Budget is as follows:

PART I

OPERATING BUDGET

Funds Appropriations: Funds are appropriated to the Legislative Research Commission for the Legislative Branch of government out of the General Fund and Restricted Funds accounts for the fiscal year beginning July 1, 2016, and ending June 30, 2017, and for the fiscal year beginning July 1, 2017, and ending June 30, 2018, in the following discrete sums, or so much thereof as may be necessary. Each appropriation is made by the source of respective fund or funds accounts to be used for the purposes of the Legislative Branch of government of the Commonwealth of Kentucky.

		2016-17	**2017-18**
1.	**General Assembly**		
	General Fund	18,823,100	19,631,600
	Restricted Funds	75,000	175,000
	TOTAL	18,898,100	19,806,600

(1) Legislators Retirement and Compensation: The above appropriation to the General Assembly includes funds for the Legislators Retirement Plan in each fiscal year. Notwithstanding KRS 6.190 and 6.213, the daily compensation provided by KRS 6.190 and the interim expense allowance provided by KRS 6.213 for members of the General Assembly shall remain at the January 1, 2016, level.

(2) Kentucky Legislative Ethics Commission: Included in the above General Fund appropriation is $426,500 in fiscal year 2016-2017 and $428,100 in fiscal year 2017-2018 for the Kentucky Legislative Ethics Commission. Included in the above Restricted Funds appropriation is $75,000 in fiscal year 2016-2017 and $175,000 in fiscal

year 2017-2018 for the Kentucky Legislative Ethics Commission.

(3) Kentucky Long-Term Policy Research Center: Notwithstanding KRS 7B.010 to 7B.090, operation of the Kentucky Long-Term Policy Research Center and its governing board shall continue to be suspended effective July 1, 2016, and shall remain suspended for the 2016-2018 fiscal biennium or until funding is restored. No funds are appropriated for the Kentucky Long-Term Policy Research Center for fiscal year 2016-2017 and fiscal year 2017-2018.

(4) Pension Benefit Increase: Notwithstanding KRS 6.521(3), no pension benefit increase shall be granted to recipients of a retirement allowance under KRS 6.500 to 6.577 on July 1, 2016, or July 1, 2017.

	2016-17	**2017-18**
2. Legislative Research Commission		
General Fund	40,488,000	43,575,000

(1) Permanent Full-time Employees: The total number of permanent full-time employees hired by the Legislative Research Commission with the above appropriation, and not assigned specifically to the House and Senate members of the Legislative Research Commission, shall not exceed 232 in fiscal year 2016-2017 and 232 in fiscal year 2017-2018. In addition to this number, the total number of permanent full-time employees assigned specifically to the House members of the Legislative Research Commission shall not exceed 19 and the permanent full-time employees assigned specifically to the Senate members of the Legislative Research Commission shall not exceed 10.

TOTAL - OPERATING BUDGET

	2016-17	**2017-18**
General Fund	59,311,100	63,206,600
Restricted Funds	75,000	175,000
TOTAL	59,386,100	63,381,600

Unexpended Balance: Notwithstanding KRS 45.229, any unexpended balance remaining at the close of fiscal year 2015-2016 shall not lapse but shall continue into fiscal year 2016-2017, and any unexpended balance in any succeeding fiscal year shall not lapse but shall continue into the following fiscal year.

TOTAL - LEGISLATIVE BRANCH BUDGET

	2016-17	**2017-18**
General Fund	59,311,100	63,206,600
Restricted Funds	75,000	175,000
TOTAL	59,386,100	63,381,600

PART II

GENERAL PROVISIONS

1. **Expenditure Authority:** The Director of the Legislative Research Commission, under the supervision of the Legislative Research Commission, may expend any of the funds appropriated for legislative operation and administration in any lawful manner and for any legal purpose consistent with the policies and practices of the Commission. No executive agency or statute governing the executive agencies of state government shall have the power to restrict or limit the actions of, or the expenditure of funds appropriated to, the Legislative Research Commission for the Legislative Branch of government.

2. **Capitol and Capitol Annex Capital Construction Expenditures:** Any expenditure authorized by the Director of the Legislative Research Commission, under the supervision of the Legislative Research Commission, relating to implementation of KRS 56.463(4)(b), or relating to the Capitol Building, and funded by previous or current appropriations to the Legislative Research Commission for the Legislative Branch of government shall not be governed by KRS 7A.010, 7A.120, 45.750 to 45.810, 48.010(16), 48.020, and 48.110.

3. **Severability of Budget Provisions:** Appropriation items and sums in this Act

conform to KRS 48.311. If any section, any subsection, or any provision thereof shall be invalid or unconstitutional, the decision of the courts shall not affect or impair any of the remaining sections, subsections, or provisions.

4. Duplicate Appropriation: Any appropriation item and sum in this Act and in an appropriation provision in another Act of the 2016 Regular Session of the General Assembly which constitutes a duplicate appropriation shall be governed by KRS 48.312.

5. Priority of Individual Appropriations: KRS 48.313 shall control when a total or subtotal figure in this Act conflicts with the sum of the appropriations of which it consists.

6. Appropriations Revisions: Proposed revisions to Restricted Funds appropriations in this Act shall be made and reported pursuant to KRS 48.630(10). The Director of the Legislative Research Commission may transfer any available funds between all appropriation units as needed to meet the constitutional requirements of the Legislative Branch for fiscal years 2015-2016, 2016-2017, and 2017-2018.

7. Allowance in Lieu of Stationery: Notwithstanding KRS 6.220, in lieu of stationery, there shall be allowed to each member of the House of Representatives the sum of $250 and to each member of the Senate the sum of $500. This allowance shall be paid out of the State Treasury at the beginning of each legislative session.

8. Issuance of Employee Paychecks: Notwithstanding 101 KAR 2:095, Section 10, the state payroll that would normally be scheduled to be paid on June 30, 2017, and June 30, 2018, shall not be issued prior to July 1, 2017, and July 1, 2018.

9. Salary Adjustments: The Director of the Legislative Research Commission shall propose a salary adjustment plan for employees of the Legislative Research Commission for approval by the Legislative Research Commission.

10. Surplus Property: Upon their declaration as surplus, the Legislative Research Commission may sell legislative chairs to current or former members of the General Assembly. Proceeds from the sale shall be deposited to the credit of the

Legislative Research Commission and shall be used for the purpose of purchasing replacement items. This provision shall suspend other state laws with regards to the disposition of state property for the purpose stated and for no other purpose.

PART III

FUNDS TRANSFER

The Legislative Branch shall transfer $3,484,100 to the General Fund in each fiscal year.

PART IV

BUDGET REDUCTION OR SURPLUS EXPENDITURE PLAN

The Legislative Branch shall participate in any Budget Reduction Plan or Surplus Expenditure Plan in accordance with the provisions of KRS Chapter 48.

Judicial Branch

House Bill 306

COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

MATTHEW G. BEVIN
GOVERNOR

700 CAPITOL AVENUE
SUITE 100
FRANKFORT, KY 40601
(502) 564-2611
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VETO MESSAGE FROM THE GOVERNOR OF THE COMMONWEALTH OF KENTUCKY REGARDING HOUSE BILL 306 OF THE 2016 REGULAR SESSION

OPERATING BUDGET

I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 2, lines 11 through 22, in their entirety.

The salary provisions contemplated in House Bill 306 are in direct conflict to Kentucky law. KRS 64.056 clearly provides that the Chief Justice may propose salary increases for Circuit Clerks. It grants the General Assembly only the power to limit these proposed increases, and does not authorize an increase above and beyond the Chief Justice's proposal. Because House Bill 306 fails to suspend or otherwise address KRS 64.056, this provision is illegal.

FUNDS TRANSFER

I, Matthew G. Bevin, 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 8, lines 19 through 22, in their entirety.

The need to allocate a historical level of resources to Kentucky's underfunded pension liabilities requires that all branches of state government operate within significant budgetary constraints. However, the fund transfers required by HB 306 go beyond the limit of what the Commonwealth should require from the Judicial Branch. If enacted, these fund transfers would risk placing the Judiciary in a position that could potentially negatively impact Kentuckians access to the Courts. It is imperative, however, that the Judicial Branch must continue seeking operational efficiencies and make the maximum effort to collect mandated court costs and fees, which are waived too often for reasons other than an individual's legitimate inability to pay.

This the 8th day of April, 2016

Matthew G. Bevin
Governor

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GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2016 REGULAR SESSION

HOUSE BILL NO. 306

AS ENACTED AND VETOED IN PART

INFORMATIONAL COPY

SATURDAY, APRIL 16, 2016

AN ACT making appropriations for the operations, maintenance, support, and functioning of the Judicial Branch of the government of the Commonwealth of Kentucky and its various officers, boards, commissions, subdivisions, and other state-supported activities.

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

➔Section 1. The Judicial Branch Budget is as follows:

PART I

OPERATING BUDGET

(1) Funds Appropriations: There is appropriated out of the General Fund, Restricted Funds accounts, or Federal Funds accounts for the fiscal year beginning July 1, 2016, and ending June 30, 2017, and for the fiscal year beginning July 1, 2017, and ending June 30, 2018, the following sums to be used for the purposes of the Judicial Branch of the government of the Commonwealth of Kentucky, including the Supreme Court, Court of Appeals, Circuit Court, Family Court, District Court, the Administrative Office of the Courts, Judicial Retirement, Local Facilities Fund, Local Facilities Use Allowance Contingency Fund, and for services performed by the Circuit Court Clerks' offices, including both Circuit and District Court support.

1. Court of Justice

a. Court Operations and Administration

	2016-17	**2017-18**
General Fund	219,548,200	217,113,500
Restricted Funds	37,654,500	37,152,900
Federal Funds	2,593,000	1,440,400
TOTAL	259,795,700	255,706,800

(1) Family Court Judgeship: Included in the above General Fund appropriation is $369,500 in fiscal year 2016-2017 and $347,600 in fiscal year 2017-2018 for a family court judgeship in the Sixth Circuit.

(2) Funds Carry Forward: Notwithstanding KRS 45.229, any unexpended balance remaining at the close of fiscal year 2015-2016 shall not lapse and shall continue into fiscal year 2016-2017, and any unexpended balance remaining at the close of fiscal year 2016-2017 shall not lapse and shall continue into fiscal year 2017-2018.

(3) Civil Filing Fees: Pursuant to its authority, if the Supreme Court retains the increase in civil filings fees that was effective in 2008, the additional income resulting from the fee increases, not to exceed $5,000,000 in each fiscal year of the biennium, shall be deposited into a trust and agency account for court operations. Any revenue generated by these increases in excess of the $5,000,000 in each fiscal year of the biennium shall be deposited into the General Fund.

~~[(4) Salary Structure: Included in the above General Fund appropriation is $714,000 in fiscal year 2016-2017 and $1,428,000 in fiscal year 2017-2018 to provide for full pay parity for the Circuit Clerks with other elected county officials. The funding shall be allocated as follows:~~

~~(a) A salary adjustment for Circuit Clerks shall be allocated in fiscal year 2016-2017 to provide 75 percent pay parity for the Circuit Clerks with other elected county officials;~~

~~(b) A salary adjustment for Circuit Clerks shall be allocated in fiscal year 2017-2018 to provide 100 percent pay parity for the Circuit Clerks with other elected county officials; and~~

~~(c) Salaries and wages for all judges shall not be increased during the 2016-2018 fiscal biennium.]~~

(5) Night Court in Jefferson County: The Administrative Office of the Courts shall continue the operations and current schedule of night court in Okolona and Middletown in Jefferson County in fiscal year 2016-2017 and fiscal year 2017-2018.

(6) Use of Settlement Proceeds: Notwithstanding KRS 48.005(4), included in the above Restricted Funds appropriation is $1,000,000 in each fiscal year for the

expansion and continuation of rocket docket prosecutions and $1,500,000 in each fiscal year for the expansion and continuation of drug courts from settlement funds resulting from the suit against Johnson & Johnson, et al.

(7) Defined Calculations: Included in the above General Fund appropriation is $6,160,900 in fiscal year 2016-2017 and $7,264,000 in fiscal year 2017-2018 to provide funds for the increase in the employer cost of health and life insurance and the employer cost of retirement.

b. Local Facilities Fund

	2016-17	**2017-18**
General Fund	114,531,500	115,445,600

(1) Local Court Facility Compensation: Included in the above appropriation are moneys to compensate local units of government for providing court space and for costs incurred in the development of local court facilities as defined in KRS Chapter 26A and provided in Part II of this Act, and to perform all other acts required or authorized by KRS Chapter 26A.

(2) Funds Carry Forward: Notwithstanding KRS 45.229, any unexpended balance remaining at the close of fiscal year 2015-2016 shall not lapse and shall continue into fiscal year 2016-2017, and any unexpended balance remaining at the close of fiscal year 2016-2017 shall not lapse and shall be continued into fiscal year 2017-2018.

(3) Fayette County Courthouse Use Allowance: The use allowance for the Fayette County Courthouse is contingent upon Short Street in Lexington, Kentucky remaining open to traffic.

c. Local Facilities Use Allowance Contingency Fund

	2016-17	**2017-18**
General Fund	-0-	-0-

(1) Funds Carry Forward: Notwithstanding KRS 45.229, any unexpended balance remaining at the close of fiscal year 2015-2016 shall not lapse and shall continue

into fiscal year 2016-2017, and any unexpended balance remaining at the close of fiscal year 2016-2017 shall not lapse and shall continue into fiscal year 2017-2018 to provide for cost overruns in authorized court facilities projects not to exceed 15 percent of the use allowance in accordance with KRS Chapter 26A.

TOTAL - COURT OF JUSTICE

	2016-17	2017-18
General Fund	334,079,700	332,559,100
Restricted Funds	37,654,500	37,152,900
Federal Funds	2,593,000	1,440,400
TOTAL	374,327,200	371,152,400

2. Judicial Retirement System

	2016-17	2017-18
General Fund	13,828,000	13,739,900

(1) Judicial Retirement Benefits: General Fund amounts are included to provide actuarial-assessed judicial retirement benefits pursuant to KRS 21.345 to 21.580.

(2) Pension Benefit Increase: Notwithstanding KRS 21.405(5), no pension benefit increase shall be granted to recipients of a retirement allowance under KRS 21.345 to 21.570 on July 1, 2016, or July 1, 2017.

TOTAL - OPERATING BUDGET

	2016-17	2017-18
General Fund	347,907,700	346,299,000
Restricted Funds	37,654,500	37,152,900
Federal Funds	2,593,000	1,440,400
TOTAL	388,155,200	384,892,300

PART II

CAPITAL PROJECTS BUDGET

Budget Units

1. Local Facilities Fund

(1) Authorization of Capital Projects: It is the intent of the General Assembly that any capital project proposed by any state government entity, including the agencies and subdivisions of the Court of Justice, shall be authorized by the General Assembly prior to the project's financing and construction, in accordance with KRS 7A.010, 7A.120, 45.750, 45.760, 45.763, 45.765, and 48.110. Pursuant to KRS 45.760(1), the amount allotted, from all sources, for expenditure on any capital project, including leases as defined by KRS 45.750, shall not exceed the estimated cost as shown in this Act.

(2) Capital Projects and Bond Oversight Committee: Capital construction projects and major items of equipment that are not specifically listed in this Act may be authorized only after submission of the project to the Capital Projects and Bond Oversight Committee and in accordance with the other requirements of KRS 45.760(7). Moneys may be transferred to the allotment account of any capital project only after submission of the project to the Capital Projects and Bond Oversight Committee and in accordance with the other requirements of KRS 45.760(6). As required by KRS 45.760, all capital construction items authorized in this Act shall be constructed in accordance with this Act, supporting documentation considered by the General Assembly, and Judicial Branch budget records. Any modifications to the scope of a capital construction project or to a lease shall be reported to the Capital Projects and Bond Oversight Committee before execution.

2. Local Facilities Projects

	Project	Project Scope
001.	Simpson	2,298,000
002.	Mason	830,000

(1) Simpson County: General Fund support of $231,900 is contained in the Local Facilities Fund budget in each fiscal year for use allowance payments.

(2) Mason County: General Fund support of $86,700 is contained in the Local

Facilities Fund budget in each fiscal year for use allowance payments.

(3) Court Facility Planning Process: The county shall require the Project Development Board to hire a certified architect not otherwise involved with the project to conduct an independent feasibility study to determine whether the needs of the community and the Court of Justice can best be met through the construction of a freestanding building, or through an addition and/or renovation of the existing court facility. The cost for this study shall be an accepted and approved portion of the planning process, and shall be eligible for reimbursement from the bond proceeds.

3. Lease Authorizations

001. Franklin County - Lease - Court of Appeals

002. Jefferson County - Lease - Parking

(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 project which is occupied and use allowance funding is insufficient, the use allowance payments shall be approved from the Local Facilities Use Allowance Contingency Fund. If funds are not available in the Local Facilities Use Allowance Contingency Fund, the Chief Justice may transfer funds from other Judicial Branch accounts in accordance with Part III, General Provisions, Section 7. of this Act to make the necessary payments.

TOTAL - JUDICIAL BRANCH BUDGET

	2016-17	**2017-18**
General Fund	347,907,700	346,299,000
Restricted Funds	37,654,500	37,152,900
Federal Funds	2,593,000	1,440,400
TOTAL	388,155,200	384,892,300

PART III

GENERAL PROVISIONS

1. **Expenditure Authority:** The Director of the Administrative Office of the Courts, with the approval of the Chief Justice, may expend any of the funds appropriated for court operations and administration in any lawful manner and for any legal purpose that the Chief Justice shall authorize or direct. All expenditures shall conform with Part III, General Provisions, Section 7. of this Act. No executive agency of state government shall have the power to restrict or limit the expenditure of funds appropriated to the Judicial Branch of government.

2. **Severability of Budget Provisions:** Appropriation items and sums in this Act conform to KRS 48.311. If any section, any subsection, or any provision thereof shall be invalid or unconstitutional, the decision of the courts shall not affect or impair any of the remaining sections, subsections, or provisions.

3. **Duplicate Appropriations:** Any appropriation item and sum in this Act and in an appropriation provision in another Act of the 2016 Regular Session of the General Assembly which constitutes a duplicate appropriation shall be governed by KRS 48.312.

4. **Priority of Individual Appropriations:** KRS 48.313 shall control when a total or subtotal figure in this Act conflicts with the sum of the appropriations of which it consists.

5. **Carry Forward of Restricted and Federal Funds:** Notwithstanding KRS 45.229, any unexpended balance remaining in the Court's Restricted Funds accounts or Federal Funds accounts at the close of the fiscal years ending June 30, 2016, and June 30, 2017, shall not lapse and shall continue into the next fiscal year.

6. **Final Budget Document:** The Chief Justice shall cause the Director of the Administrative Office of the Courts to prepare a final budget document reflecting the 2016-2018 biennial budget of the Court of Justice. A copy shall be provided to the Legislative Research Commission and an informational copy shall be furnished to the Finance and Administration Cabinet within 60 days of the adjournment of the 2016 Regular Session of the General Assembly.

7. Transferability of Funds: The Chief Justice of the Commonwealth of Kentucky shall have the ability to transfer funds to other programs and budget units within the Judicial Branch. Any funds transferred to other budget units within the Judicial Branch may be used to support any activity, program, or operation of the budget unit or program receiving the respective funds.

8. Appropriations Revisions: Proposed revisions to Restricted Funds and Federal Funds appropriations in this Act shall be made and reported pursuant to KRS 48.630(10). The Director of the Administrative Office of the Courts shall notify on a timely basis the Legislative Research Commission of the most current estimates of anticipated receipts for the affected fiscal year and an accompanying statement which explains variations from the anticipated amount.

9. Maximum Salary of Trial Commissioners: Notwithstanding KRS 24A.100(3), funds are included to continue the statutory maximum salary of trial commissioners as provided for in the Judicial Branch Budget Recommendation.

10. Issuance of Paychecks to Employees: Notwithstanding 101 KAR 2:095, Section 10, the state payroll that would normally be scheduled to be paid on June 30, 2016, and June 30, 2017, shall not be issued prior to July 1, 2016, and July 1, 2017.

PART IV

~~[FUNDS TRANSFER~~

~~The Judicial Branch shall transfer $11,758,100 to the General Fund in each fiscal year.~~

~~PART V]~~

BUDGET REDUCTION OR SURPLUS EXPENDITURE PLAN

The Judicial Branch shall participate in any Budget Reduction Plan or Surplus Expenditure Plan in accordance with the provisions of KRS Chapter 48.