

1 AN ACT relating to the Kentucky Coal Fields Endowment Fund and making an
2 appropriation therefor.

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

4 ➔SECTION 1. A NEW SECTION OF KRS 42.450 TO 42.495 IS CREATED TO
5 READ AS FOLLOWS:

6 *(1) The Kentucky Coal Fields Endowment Authority is hereby created as a public*
7 *corporation, governmental agency, and instrumentality of the Commonwealth,*
8 *with the perpetual succession and with power in that name to:*

9 *(a) Contract and be contracted with;*

10 *(b) Acquire and convey property;*

11 *(c) Sue and be sued;*

12 *(d) Have and use a corporate seal;*

13 *(e) Adopt bylaws;*

14 *(f) Invest moneys; and*

15 *(g) Exercise, in addition to the powers and functions specifically stated in this*
16 *section and Section 2 of this Act, all of the usual powers of private*
17 *corporations to the extent that the same are not inconsistent with*
18 *specifically enumerated powers or limitations upon public corporations.*

19 *(2) It shall be the role and duty of the authority to support through funding efforts to*
20 *diversify the economy of the coal fields within Kentucky.*

21 *(a) Projects that may be funded shall be non-recurring investments in:*

22 *1. Economic development;*

23 *2. Public infrastructure, water, and wastewater;*

24 *3. Public health and safety; and*

25 *4. Information technology development and access.*

26 *(b) Projects shall be selected based on economic impact, job creation,*
27 *workforce development, community benefit, available partnerships, project*

1 readiness, and the ability for a project to be self-sustaining.

2 (3) Seven million five hundred thousand dollars (\$7,500,000) of the severance and
 3 processing taxes on coal collected annually shall be transferred from the general
 4 fund to the Kentucky coal fields endowment authority established in this section.
 5 The transfers shall be made in quarterly amounts of one million eight hundred
 6 seventy-five thousand dollars (\$1,875,000) at the same time as the transfers to the
 7 local government economic development fund.

8 (4) Moneys transferred to the authority are hereby appropriated for the purposes set
 9 forth in this section and shall not be appropriated or transferred by the General
 10 Assembly for any other purpose. State moneys appropriated that are not spent at
 11 the end of the fiscal year shall not lapse.

12 (5) All property and income of the Kentucky coal fields endowment authority shall be
 13 exempt from all taxes and assessment of any nature.

14 ➔SECTION 2. A NEW SECTION OF KRS 42.450 TO 42.495 IS CREATED TO
 15 READ AS FOLLOWS:

16 (1) As used in this section:

17 (a) "Authority" means the Kentucky coal fields endowment authority;

18 (b) "Board" means the chair, vice chair, and secretary-treasurer of the
 19 authority;

20 (c) "Chair" means the chair of the Kentucky coal fields endowment fund
 21 authority;

22 (d) "Commissioner" means the commissioner of the Department for Local
 23 Government; and

24 (e) "Eligible counties" means counties of the Commonwealth of Kentucky
 25 participating in the Local Government Economic Development Fund on the
 26 effective date of this Act and those that participated on January 1, 2016;

27 (2) The authority shall consist of seven persons, who shall be selected as follows:

- 1 (a) Two (2) persons, appointed by the Governor, from counties located within
2 the Eastern Coal Field;
- 3 (b) Two (2) persons, appointed by the Governor, from counties located within
4 the Western Coal Field;
- 5 (c) Two (2) persons, appointed by the Governor, possessing experience and
6 expertise in finance and investment;
- 7 (d) The commissioner or the commissioner's proxy.
- 8 (3) Two (2) members initially appointed to the authority shall have a term of one (1)
9 year each, two (2) members initially appointed to the authority shall have a term
10 of two (2) years each, and two (2) members initially appointed to the authority
11 shall have a term of three (3) years each, except that any person appointed to fill
12 a vacancy shall serve only for the remainder of the unexpired term. All
13 subsequent appointments shall be for a term of three (3) years.
- 14 (4) The board members are hereby determined to be officers and agents of the
15 Commonwealth of Kentucky and, as such, shall enjoy the same immunities from
16 suit for the performance of their official acts as do other officers of the
17 Commonwealth of Kentucky.
- 18 (5) If any member or officer of the authority shall be interested either directly or
19 indirectly, or shall be an officer of employee of or have an ownership interest in
20 any firm or corporation interested directly or indirectly in any project funded by
21 the authority, the interest shall be disclosed clearly in the application and shall be
22 set forth in the minutes of the authority, and the member or officer having an
23 interest therein shall not participate in the application process.
- 24 (6) Any person appointed to the authority shall be eligible for reappointment.
- 25 (7) The members of the authority shall elect biennially from the authority's
26 membership the following offices: chair, vice chair, secretary-treasurer, and any
27 assistant secretaries and assistant treasurers the authority deems necessary. The

1 commissioner shall not be eligible to hold any of these offices.

2 (8) A majority of the members of the authority, determined by excluding any existing
3 vacancies from the total number of members, shall constitute a quorum. A
4 majority vote of the members present at a duly called meeting of the authority
5 shall be required for the purposes of conducting its business and exercising its
6 powers and for all other purposes.

7 (9) The authority shall prepare bylaws and procedures applicable to the operation of
8 the authority and submit them to the commissioner to be promulgated as
9 administrative regulations in accordance with KRS Chapter 13A.

10 (10) Members of the authority shall be entitled to reimbursement for all necessary
11 expenses in connection with the performance of their duties.

12 (11) The authority shall meet twice annually and at other times upon call of the chair
13 or a majority of the board to discuss and vote on funding for projects in eligible
14 counties permitted to receive moneys from the authority under subsection (2) of
15 section 1 of this Act.

16 (12) The authority may invest any and all of the assets of the fund in:

17 (a) Obligations and contracts for future delivery of obligations backed by the
18 full faith and credit of the United States or a United States government
19 agency, including but not limited to:

20 1. United States Treasury;

21 2. Export-Import Bank of the United States;

22 3. Farmers Home Administration;

23 4. Government National Mortgage Corporation; and

24 5. Merchant Marine bonds;

25 (b) Obligations of any corporation of the United States government or
26 government-sponsored enterprise, including but not limited to:

27 1. Federal Home Loan Mortgage Corporation;

- 1 2. Federal Farm Credit Banks;
- 2 a. Bank for Cooperatives;
- 3 b. Federal Intermediate Credit Banks; and
- 4 c. Federal Land Banks;
- 5 3. Federal Home Loan Banks;
- 6 4. Federal National Mortgage Association; and
- 7 5. Tennessee Valley Authority obligations;
- 8 (c) Collateralized or uncollateralized certificates of deposit, issued by banks
- 9 rated in one (1) of the three (3) highest categories by a nationally
- 10 recognized statistical rating organization or other interest-bearing accounts
- 11 in depository institutions chartered by this state or by the United States,
- 12 except for shares in mutual savings banks;
- 13 (d) Bankers acceptances for banks rated in the highest short-term category by a
- 14 nationally recognized statistical rating organization;
- 15 (e) Commercial paper rated in the highest short-term category by a nationally
- 16 recognized statistical rating organization;
- 17 (f) Securities issued by a state or local government, or any instrumentality or
- 18 agency thereof, in the United States, and rated in one (1) of the three (3)
- 19 highest long-term categories by a nationally recognized statistical rating
- 20 organization;
- 21 (g) United States denominated corporate, Yankee, and Eurodollar securities,
- 22 excluding corporate stocks, issued by foreign and domestic issuers,
- 23 including sovereign and supranational governments, rated in one (1) of the
- 24 three (3) highest long-term categories by a nationally recognized statistical
- 25 rating organization;
- 26 (h) Asset-backed securities rated in the highest category by a nationally
- 27 recognized statistical rating organization; and

1 (i) Shares of mutual funds, each of which shall have the following
2 characteristics:

3 1. The mutual fund shall be an open-end diversified investment company
4 registered under Federal Investment Company Act of 1940, as
5 amended;

6 2. The management company of the investment company shall have been
7 in operation for at least five (5) years;

8 3. The mutual fund shall be rated in the highest category by a nationally
9 recognized statistical rating organization; and

10 (j) State and local delinquent property tax claims which upon purchase shall
11 become certificates of delinquency secured by interests in real property not
12 to exceed twenty-five million dollars (\$25,000,000) in the aggregate. For
13 any certificates of delinquency that have been exonerated pursuant to KRS
14 132.220(5), the Department of Revenue shall offset the loss suffered by the
15 Finance and Administration Cabinet against subsequent local distributions
16 to the affected taxing districts as shown on the certificate of delinquency.