

1 AN ACT relating to revenue measures, making an appropriation therefor, and  
2 declaring an emergency.

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

4 ➔SECTION 1. A NEW SECTION OF SUBCHAPTER 10 OF KRS CHAPTER  
5 224 IS CREATED TO READ AS FOLLOWS:

6 **(1) There is hereby established in the State Treasury a trust and agency account to be**  
7 **known as the Volkswagen settlement fund. The fund shall consist of moneys**  
8 **designated to the Commonwealth from that settlement.**

9 **(2) The fund shall be administered by the Energy and Environment Cabinet.**

10 **(3) Notwithstanding KRS 45.229, fund amounts not expended at the close of the**  
11 **fiscal year shall not lapse but shall be carried forward into the next fiscal year.**

12 **(4) Any interest earned from moneys deposited in the fund shall become a part of the**  
13 **fund and shall not lapse.**

14 ➔Section 2. KRS 224.50-868 is amended to read as follows:

15 (1) **(a) 1. Prior to July 1, 2018**~~Until June 30, 2018~~, a person purchasing a new  
16 motor vehicle tire in Kentucky shall pay to the retailer a one dollar (\$1)  
17 fee at the time of the purchase of that tire. **The fee shall not be subject**  
18 **to the Kentucky sales tax.**

19 **2. Beginning July 1, 2018, but prior to July 1, 2020, a fee is hereby**  
20 **imposed upon a retailer at the rate of two dollars (\$2) for each new**  
21 **motor vehicle tire sold in Kentucky. The fee shall be subject to the**  
22 **Kentucky sales tax.**

23 **3. A retailer may pass the fee imposed by this paragraph on to the**  
24 **purchaser of the new tire.**

25 **(b)** A new tire is a tire that has never been placed on a motor vehicle wheel rim,  
26 but it is not a tire placed on a motor vehicle prior to its original retail sale or a  
27 recapped tire.

1       (c) The term "motor vehicle" as used in this section shall mean "motor vehicle" as  
2       defined in KRS 138.450. ~~[The fee shall not be subject to the Kentucky sales~~  
3       ~~tax.]~~

4       (2) When a ***retailer sells*** ~~[person purchases]~~ a new motor vehicle tire in Kentucky to  
5       replace another tire, the tire that is replaced becomes a waste tire subject to the  
6       waste tire program. The ***retailer shall encourage the purchaser of the new***  
7       ***tire*** ~~[person purchasing the new motor vehicle tire shall be encouraged by the~~  
8       ~~retailer]~~ to leave the waste tire with the retailer or meet the following requirements:

- 9       (a) Dispose of the waste tire in accordance with KRS 224.50-856(1);  
10       (b) Deliver the waste tire to a person registered in accordance with the waste tire  
11       program; or  
12       (c) Reuse the waste tire for its original intended purpose or an agricultural  
13       purpose.

14       (3) (a) A retailer shall report to the Department of Revenue on or before the twentieth  
15       day of each month the number of new motor vehicle tires sold during the  
16       preceding month and the number of waste tires received from customers that  
17       month.

18       (b) The report shall be filed on forms and contain information as the Department  
19       of Revenue may require.

20       (c) The retailer shall ***be allowed to retain an amount equal to five percent (5%)***  
21       ***of the fees due provided the amount due is not delinquent at the time of***  
22       ***payment*** ~~[remit with the report ninety-five percent (95%) of the fees collected~~  
23       ~~for the preceding month and may retain a five percent (5%) handling fee].~~

24       (4) A retailer shall:

25       (a) Accept from the purchaser of a new tire, if offered, for each new motor  
26       vehicle tire sold, a waste tire of similar size and type; and

27       (b) Post notice at the place where retail sales are made that state law requires;

1           1. The retailer to accept, if offered, a waste tire for each new motor vehicle  
2           tire sold and that a person purchasing a new motor vehicle tire to replace  
3           another tire shall comply with subsection (2) of this section; and[-]

4           2. *The two dollar (\$2) new tire fee is*[-the notice shall also include the  
5           following wording: "State law requires a new tire buyer to pay one dollar  
6           (\$1) for each new tire purchased. The money is collected and] used by  
7           the state to oversee the management of waste tires, including cleaning up  
8           abandoned waste tire piles and preventing illegal dumping of waste  
9           tires.[-"]

10       (5) A retailer shall comply with the requirements of the recordkeeping system for waste  
11       tires established by KRS 224.50-874.

12       (6) A retailer shall transfer waste tires only to a person who presents a letter from the  
13       cabinet approving the registration issued under KRS 224.50-858 or a copy of a solid  
14       waste disposal facility permit issued by the cabinet, unless the retailer is delivering  
15       the waste tires to a destination outside Kentucky and the waste tires will remain in  
16       the retailer's possession until they reach that destination.

17       (7) The cabinet shall, in conjunction with the Waste Tire Working Group, develop the  
18       informational fact sheet to be made publicly available on the cabinet's Web site and  
19       available in print upon request. The fact sheet shall identify ways to properly  
20       dispose of the waste tire and present information on the problems caused by  
21       improper waste tire disposal.

22       ➔Section 3. KRS 157.621 is amended to read as follows:

23       (1) In addition to the levy required by KRS 157.440(1)(b) to participate in the Facilities  
24       Support Program of Kentucky, local school districts that have made the levy  
25       required by KRS 157.440(1)(b) are authorized to levy the following additional  
26       equivalent rates to support debt service, new facilities, or major renovations of  
27       existing school facilities, which levies shall not be subject to recall under any

1 provision of the Kentucky Revised Statutes, or to voter approval under the  
2 provisions of KRS 157.440(2):

3 (a) 1. Prior to April 24, 2008, local school districts that have experienced  
4 student population growth during a five (5) year period may levy an  
5 additional five cents (\$0.05) equivalent rate for debt service and new  
6 facilities. The tax rate levied by the district under this provision shall not  
7 be equalized by state funding, except as provided in paragraph (b) of this  
8 subsection. Any levy imposed under this paragraph prior to April 24,  
9 2008, by a local school district shall continue until removed by the local  
10 school district.

11 2. A local school district shall meet the following criteria in order to levy  
12 the tax provided in subparagraph 1. of this paragraph:

13 a. Growth of at least one hundred fifty (150) students in average daily  
14 attendance and three percent (3%) overall growth for the five (5)  
15 preceding years;

16 b. Bonded debt to the maximum capability of at least eighty percent  
17 (80%) of capital outlay from the Support Education Excellence in  
18 Kentucky funding program, all revenue from the local facility tax,  
19 and all receipts from state equalization on the local facility tax;

20 c. Current student enrollment in excess of available classroom space;  
21 and

22 d. A local school facility plan that has been approved by the  
23 Kentucky Board of Education and certified to the School Facilities  
24 Construction Commission;

25 (b) 1. In addition to the levy authorized by paragraph (a) of this subsection, a  
26 local school district may levy an additional five cents (\$0.05) equivalent  
27 rate under the same terms and conditions established by paragraph (a) of

- 1 this subsection beginning in fiscal year 2003-2004 if the levy was made  
2 prior to April 24, 2008, and if the local school district:
- 3 a. Levied the five cents (\$0.05) equivalent rate authorized by  
4 paragraph (a) of this subsection; and
- 5 b. Still meets the requirements established by paragraph (a)2. of this  
6 subsection.
- 7 2. Any school district that imposes both the levy authorized by paragraph  
8 (a) of this subsection and the additional levy authorized by subparagraph  
9 1. of this paragraph shall receive equalization funding from the state for  
10 the levy imposed by paragraph (a) of this subsection beginning in fiscal  
11 year 2003-2004. Equalization shall be provided at one hundred fifty  
12 percent (150%) of the statewide average per pupil assessment, subject to  
13 the provision of funding by the General Assembly. Equalization funds  
14 shall be used as provided in KRS 157.440(1)(b).
- 15 3. Any levy imposed under this paragraph prior to April 24, 2008, by a  
16 local school district shall continue until removed by the local school  
17 district; and
- 18 (c) 1. A local school district that meets the following conditions may levy an  
19 additional five cents (\$0.05) equivalent rate on and after April 24, 2008:
- 20 a. The local school district is located in a county that will have more  
21 students as a direct result of the new mission established for Fort  
22 Knox by the Base Realignment and Closure (BRAC) 2005 issued  
23 by the United States Department of Defense pursuant to the  
24 Defense Base Closure and Realignment Act of 1990, Pub. L. No.  
25 100-526, Part A of Title XXIX of 104 Stat. 1808, 10 U.S.C. sec.  
26 2687 note; and
- 27 b. The commissioner of education has determined, based upon the

1 presentation of credible data, that the projected increased number  
2 of students is sufficient to require new facilities or the major  
3 renovation of existing facilities to accommodate the new students,  
4 and has approved the imposition of the additional levy.

5 2. Any local school district that imposes both the levy authorized by  
6 paragraph (a) of this subsection and the additional levy authorized by  
7 subparagraph 1. of this paragraph, and that has not received equalization  
8 funding under subsection (2) or (3) of this section, shall receive  
9 equalization funding from the state for the levy imposed by paragraph  
10 (a) of this subsection beginning in the fiscal year following the fiscal  
11 year in which the levy authorized by subparagraph 1. of this paragraph is  
12 imposed. Equalization shall be provided at one hundred fifty percent  
13 (150%) of the statewide average per pupil assessment, subject to the  
14 provision of funding by the General Assembly. Equalization funds shall  
15 be used as provided in KRS 157.440(1)(b).

16 3. Any levy imposed under this paragraph by a local school district shall  
17 continue until removed by the local school district.

18 (2) (a) Any local school district that, prior to April 27, 2016, levied an equivalent rate  
19 that:

20 1. Was subject to recall at the time it was levied; and

21 2. Included a rate of at least five cents (\$0.05) equivalent rate for the  
22 purpose of debt service for school construction or major renovation of  
23 existing school facilities;

24 shall be eligible for retroactive equalization from the state for that levy at one  
25 hundred fifty percent (150%) of the statewide average per pupil assessment  
26 beginning in fiscal year 2003-2004, subject to the fiscal condition of the  
27 Commonwealth and the provision of funding by the General Assembly.

1 Equalization funds shall be used as provided in KRS 157.440(1)(b).

2 (b) It is the intent of the General Assembly that for levies described in this  
3 subsection that are imposed on or after April 27, 2016, equalization funds, if  
4 provided by the General Assembly, shall terminate upon the earlier of June  
5 30, 2038, or the date the bonds for the local school district supported by this  
6 equalization funding are retired. Equalization shall be subject to the fiscal  
7 condition of the Commonwealth and the provision of funding by the General  
8 Assembly.

9 (3) Any local school district that:

10 (a) Levied an equivalent tax rate as of April 24, 2008, that included at least ten  
11 cents (\$0.10) that was devoted to building purposes, or that had debt service  
12 corresponding to a ten cents (\$0.10) equivalent rate;

13 (b) Did not receive equalized growth funding pursuant to subsection (1)(b)2. of  
14 this section; and

15 (c) Has been approved by the commissioner of education;

16 shall be eligible for equalization from the state for that levy at one hundred fifty  
17 percent (150%) of the statewide average per pupil assessment beginning in fiscal  
18 year 2005-2006, subject to the provision of funding by the General Assembly.  
19 Equalization funds shall be used as provided in KRS 157.440(1)(b). Equalization  
20 funds shall be available to a local school district pursuant to this subsection until the  
21 earlier of June 30, ~~2038~~<sup>2025</sup>, or the date the bonds for the local school district  
22 supported by this equalization funding are retired.

23 (4) (a) Notwithstanding any other provision of this section, any local school district  
24 receiving equalization funding prior to April 27, 2016, related to an equivalent  
25 rate levy described in subsection (1), (2), (3), or (5) of this section shall  
26 continue to receive the equalization funding related to the applicable  
27 equivalent rate levy, subject to the limitations established by subsections (1),

1 (2), (3), and (5) of this section, and subject to the fiscal condition of the  
2 Commonwealth and the provision of funding by the General Assembly, until  
3 amended by subsequent action of the General Assembly. A local school  
4 district described in this paragraph shall not be eligible to receive equalization  
5 for any additional equivalent rate levies made by it on or after April 27, 2016.

6 (b) Notwithstanding any other provision of this section, any local school district  
7 that has imposed an equivalent rate levy described in subsection (1)(a) or (b)  
8 or (2) of this section prior to April 27, 2016, that qualifies for equalization but  
9 that has not yet received equalization funding shall be eligible for equalization  
10 funding as provided in subsection (1)(a) or (b) or (2) of this section, subject to  
11 the provision of funding by the General Assembly.

12 (c) On and after April 24, 2008, a local school district not included in paragraph  
13 (a) or (b) of this subsection shall be prohibited from imposing an equivalent  
14 rate levy under the provisions of subsection (1)(a) or (b) of this section, and  
15 shall not be eligible for equalization funding under the provisions of this  
16 section.

17 (d) On and after April 24, 2008, a local school district meeting the requirements  
18 of subsection (1)(c) of this section may impose the levy authorized by  
19 subsection (1)(c) of this section, and shall qualify for equalization as provided  
20 in subsection (1)(c) of this section, subject to the provision of funding by the  
21 General Assembly.

22 (5) (a) Any local school district that:  
23 1. Had school facilities classified as Category 5 on May 18, 2010, by the  
24 Kentucky Department of Education; and  
25 2. Levied an additional five cents (\$0.05) equivalent tax rate prior to April  
26 27, 2016, for debt service, new construction, and major renovation  
27 beyond the five cents (\$0.05) equivalent tax rate required by KRS



1           157.440(1)(b), except as provided in paragraph (b) of this subsection;  
2           shall be eligible for equalization from the state for that levy at one hundred  
3           fifty percent (150%) of the statewide average per pupil assessment beginning  
4           in the fiscal year following the fiscal year in which the levy was imposed. This  
5           levy shall be subject to the recall provisions of KRS 132.017.

6           (b) School districts that levied a five cents (\$0.05) equivalent tax rate for debt  
7           service, new construction, and major renovation, beyond the rate required by  
8           KRS 157.440(1)(b) prior to May 18, 2010, shall not be required to levy an  
9           additional tax to receive the equalization funds provided in paragraph (a) of  
10          this subsection.

11          (c) If the school district utilizes the equalization funds to support a bond issue for  
12          construction purposes, equalization funds shall be provided until the earlier of  
13          twenty (20) years or date the bonds are retired.

14          (d) In the event that a school district receives funding pursuant to this subsection  
15          to support construction of a new school facility and subsequently, as a result  
16          of litigation, receives funding for the same facility for which state funds were  
17          provided, that school district shall reimburse the Commonwealth an amount  
18          equal to the amount provided under paragraph (a) of this subsection. Any  
19          funds received in this manner shall be deposited in the budget reserve trust  
20          fund account established in KRS 48.705.

21          ➔Section 4. KRS 158.441 is amended to read as follows:

22          As used in this chapter, unless the context requires otherwise:

23          (1) "Intervention services" means any preventive, developmental, corrective, supportive  
24          services or treatment provided to a student who is at risk of school failure, is at risk  
25          of participation in violent behavior or juvenile crime, or has been expelled from the  
26          school district. Services may include, but are not limited to, screening to identify  
27          students at risk for emotional disabilities and antisocial behavior; direct instruction

1 in academic, social, problem solving, and conflict resolution skills; alternative  
2 educational programs; psychological services; identification and assessment of  
3 abilities; counseling services; medical services; day treatment; family services;  
4 work and community service programs;

5 (2) "School resource officer" means a sworn law enforcement officer who has  
6 specialized training to work with youth at a school site. The school resource officer  
7 shall be employed:

8 (a) Through a contract between a local law enforcement agency and a school  
9 district; or

10 (b) *Through a contract as secondary employment for an officer, as defined in*  
11 *KRS 16.010, between the Department of Kentucky State Police and a school*  
12 *district;* and

13 (3) "School security officer" means a person employed by a local board of education  
14 who has been appointed a special law enforcement officer pursuant to KRS 61.902  
15 and who has specialized training to work with youth at a school site.

16 ➔Section 5. KRS 157.410 is amended to read as follows:

17 For each school year the Finance and Administration Cabinet, on the certification of the  
18 chief state school officer, shall draw warrants on the State Treasurer for the amount of the  
19 public school fund due each district. Checks shall be issued by the State Treasurer and  
20 transmitted to the Department of Education or electronically transferred for distribution to  
21 the proper officials of the school districts when the districts have fully complied with the  
22 school laws and administrative regulations of the Kentucky Board of Education. The  
23 chief state school officer shall determine on or before August 15 of each year the tentative  
24 allotment of school funds to which each district is entitled under the provisions of KRS  
25 157.310 to 157.440. On July 1, August 1, and September 1, of each fiscal year, one-  
26 twelfth (1/12) of the prior year's allotment minus the capital outlay shall be paid each  
27 school district. On the first of each month thereafter until the final calculation is

1 completed, one-twelfth (1/12) of each district's share of the tentative calculation minus  
 2 capital outlay shall be distributed. On or before March~~May~~ 1 of each year the chief state  
 3 school officer shall determine the exact amount of the public common school fund to  
 4 which each district is entitled and the remainder of the amount due each district for the  
 5 year shall be distributed in equal installments beginning the first month after completion  
 6 of final calculation and for each successive month thereafter.

7 ➔Section 6. KRS 160.463 is amended to read as follows:

8 **(1)** The school board of each public school system~~[ in any county having 300,000 or~~  
 9 ~~more inhabitants]~~ shall direct its superintendent to publish **the complete annual**  
 10 **financial statement and the school report card**~~[, in full,]~~ annually:~~[,]~~

11 **(a)** In the newspaper of the largest general circulation in the county:~~[,]~~

12 **(b)** **Electronically on a Web site of the school district; or**

13 **(c)** **By printed copy at a prearranged site at the main branch of the public**  
 14 **library within the school district.**

15 **(2)** **If publication on a Web site of the school district or by printed copy at the public**  
 16 **library is chosen, the superintendent shall be directed to publish notification in**  
 17 **the newspaper of the largest circulation in the county as to the location where the**  
 18 **document can be viewed by the public.**

19 **(3)** **The notification shall include the address of the library or the electronic address**  
 20 **of the Web site where the documents can be viewed**~~[the annual financial statements~~  
 21 ~~of the school system audited by certified public accountants or an accountant~~  
 22 ~~approved by the State Department of Education].~~

23 **(4)** Each system's financial statements shall be prepared and presented on a basis  
 24 consistent with that of the other systems.

25 ➔Section 7. KRS 160.431 is amended to read as follows:

26 (1) The local district superintendent shall appoint a finance officer who shall be  
 27 responsible for the cash, investment, and financial management of the school

1 district.

2 (2) (a) A person initially employed as a school finance officer on or after July 1,  
3 2015, shall obtain certification from the Department of Education prior to  
4 holding the position and entering the duties of the position of school finance  
5 officer.

6 (b) The Kentucky Board of Education shall promulgate administrative regulations  
7 to prescribe the criteria and procedures to be used in the certification process  
8 for a school finance officer.

9 (c) The administrative regulations promulgated under this subsection shall  
10 specify:

- 11 1. The initial qualification requirements for school finance officer  
12 certification;
- 13 2. The certification application and appeal process; and
- 14 3. The certification renewal process.

15 (3) The school finance officer shall be required to complete forty-two (42) hours of  
16 continuing education every two (2) years from a provider approved by the  
17 Department of Education. The Kentucky Board of Education shall promulgate  
18 administrative regulations to identify and prescribe the criteria for fulfilling the  
19 requirements of this subsection. The administrative regulations shall specify:

- 20 (a) The topics of continuing education;
- 21 (b) Qualifications for continuing education providers;
- 22 (c) Consequences for failure to meet the continuing education requirement; and
- 23 (d) Requirements for reinstatement of school finance officer certification.

24 (4) (a) The finance officer shall present a detailed monthly financial report for board  
25 approval to include the previous month's revenues and expenditures of the  
26 district. The monthly report shall be posted on the district's Web site for a  
27 minimum of six (6) months after its approval.

1 (b) Within six (6) months following the end of each fiscal year, the finance officer  
 2 shall submit to the Kentucky Department of Education a detailed annual  
 3 financial report to include the district's total assets, liabilities, revenues, and  
 4 expenditures. The annual report shall be posted on the district's Web site and  
 5 department's Web site for a minimum of two (2) years.

6 (c) 1. The Department of Education shall review each district's annual  
 7 financial report and shall provide, within two (2) months of receipt, the  
 8 local board of education a written report indicating the financial status of  
 9 the district. The department's written report shall be posted on the  
 10 department's Web site and the district's Web site for a minimum of two  
 11 (2) years.

12 2. The commissioner of education shall annually present to the Interim  
 13 Joint Committee on Education a copy of the department's written report  
 14 for each district.

15 (d) Nothing in this subsection shall lessen the obligation of a school district to  
 16 publish its financial statements in accordance with the provisions of Section 6  
 17 of this Act ~~[KRS 424.220]~~.

18 ➔Section 8. KRS 424.220 is amended to read as follows:

19 (1) Excepting officers of a city of the first class or a consolidated local government, a  
 20 county containing such a city or consolidated local government, a public agency of  
 21 such a city, consolidated local government, or county, or a joint agency of such a  
 22 city, consolidated local government, and county, or of a school district of such a  
 23 city, consolidated local government, or county, and excepting officers of a city with  
 24 a population equal to or greater than twenty thousand (20,000) based upon the most  
 25 recent federal decennial census or an urban-county government, every public officer  
 26 of any ~~[school district,]~~ city, consolidated local government, county, or subdivision,  
 27 or district less than a county, whose duty it is to collect, receive, have the custody,

1 control, or disbursement of public funds, and every officer of any board or  
2 commission of a city, consolidated local government, county, or district whose duty  
3 it is to collect, receive, have the custody, control, or disbursement of funds collected  
4 from the public in the form of rates, charges, or assessments for services or benefits,  
5 shall at the expiration of each fiscal year prepare an itemized, sworn statement of  
6 the funds collected, received, held, or disbursed by him during the fiscal year just  
7 closed, unless he has complied with KRS 424.230. Pursuant to subsections (2) and  
8 (3) of KRS 91A.040, each city with a population of less than one thousand (1,000)  
9 based upon the most recent federal decennial census shall prepare an itemized,  
10 sworn statement of the funds collected, received, held, or disbursed by the city  
11 which complies with the provisions of this section.

12 (2) The statement shall show:

13 (a) The total amount of funds collected and received during the fiscal year from  
14 each individual source; and

15 (b) The total amount of funds disbursed during the fiscal year to each individual  
16 payee. The list shall include only aggregate amounts to vendors exceeding one  
17 thousand dollars (\$1,000).

18 (3) Only the totals of amounts paid to each individual as salary or commission and  
19 public utility bills shall be shown. The amount of salaries paid to all nonelected  
20 county employees shall be shown as lump-sum expenditures by category, including  
21 but not limited to road department, jails, solid waste, public safety, and  
22 administrative personnel.

23 (4) **The financial reporting and publishing requirements for a school district are**  
24 **provided in Section 6 of this Act**~~The amount of salaries paid to all teachers shall~~  
25 ~~be shown as a lump-sum instructional expenditure for the school district and not by~~  
26 ~~amount paid to individual teachers. The amount of salaries paid to all other~~  
27 ~~employees of the board shall be shown as lump-sum expenditures by category,~~

1 ~~including but not limited to administrative, maintenance, transportation, and food~~  
2 ~~service. The local board of education and the fiscal court shall have accessible a~~  
3 ~~factual list of individual salaries for public scrutiny and the local board and the~~  
4 ~~fiscal court shall furnish by mail a factual list of individual salaries of its employees~~  
5 ~~to a newspaper qualified under KRS 424.120 to publish advertisements for the~~  
6 ~~district, which newspaper may then publish as a news item the individual salaries of~~  
7 ~~school or county employees].~~

8 (5) The officer shall procure and include in or attach to the financial statement, as a part  
9 thereof, a certificate from the cashier or other proper officer of the banks in which  
10 the funds are or have been deposited during the past year, showing the balance, if  
11 any, of funds to the credit of the officer making the statement.

12 (6) (a) The officer shall, except in a city publishing its audit in accordance with KRS  
13 91A.040(6), within sixty (60) days after the close of the fiscal year cause the  
14 financial statement to be published in full in a newspaper qualified under KRS  
15 424.120 to publish advertisements for the city, county, or district, as the case  
16 may be. Promptly after the publication is made, the officer shall file a written  
17 or printed copy of the advertisement with proof of publication, in the office of  
18 the county clerk of the county and with the Auditor of Public Accounts.

19 (b) The appropriate officer of a city that has not conducted an annual audit under  
20 the provisions of KRS 91A.040(2) or (3) may publish a legal display  
21 advertisement meeting the requirements of subsection (7)(b) of this section  
22 which shall satisfy the publication requirements set out in paragraph (a) of this  
23 subsection.

24 (7) In lieu of the publication requirements of subsection (6) of this section, the  
25 appropriate officer of a city, including the appropriate officer of any municipally  
26 owned electric, gas, or water system, shall elect to satisfy the requirements of  
27 subsection (6) of this section by:

- 1 (a) Publishing an audit report in accordance with KRS 91A.040(6); and
- 2 (b) Publishing a legal display advertisement of not less than six (6) column inches
- 3 in a newspaper qualified under KRS 424.120 that the statement required by
- 4 subsection (1) of this section has been prepared and that copies have been
- 5 provided to each local newspaper of general circulation, each news service,
- 6 and each local radio and television station which has on file with the city a
- 7 written request to be provided a statement. The advertisement shall be
- 8 published within ninety (90) days after the close of the fiscal year.
- 9 (8) The appropriate officer of a county shall satisfy the requirements of subsection (6)
- 10 of this section by publishing the county's audit, prepared in accordance with KRS
- 11 43.070 or 64.810, in the same manner that city audits are published in accordance
- 12 with KRS 91A.040(6).

13 ➔SECTION 9. A NEW SECTION OF KRS 96.550 TO 96.900 IS CREATED TO

14 READ AS FOLLOWS:

15 (1) As used in this section, "fund-eligible county" means a county of the

16 Commonwealth of Kentucky, limited to the counties of Adair, Allen, Ballard,

17 Barren, Bell, Butler, Caldwell, Calloway, Carlisle, Christian, Clinton,

18 Cumberland, Edmonson, Fulton, Graves, Grayson, Harlan, Hart, Henderson,

19 Hickman, Livingston, Logan, Lyon, Marshall, McCracken, McCreary, Metcalfe,

20 Monroe, Muhlenberg, Ohio, Russell, Simpson, Todd, Trigg, Union, Warren,

21 Wayne, Webster, and Whitley.

22 (2) (a) The TVA regional development agency assistance fund is hereby established

23 in the State Treasury as a trust and agency account.

24 (b) The fund shall be administered by the Finance and Administration Cabinet

25 for the purpose of providing moneys to agencies designated to receive

26 funding in a fiscal year by the fiscal court of each fund-eligible county.

27 (c) The fund may consist of moneys received from state appropriations, gifts,



1 contributions, grants, or federal funds.

2 (d) Notwithstanding KRS 45.229, any moneys remaining in the fund at the  
3 close of the fiscal year shall not lapse but shall be carried forward into the  
4 succeeding fiscal year.

5 (e) Any interest accrued based on the moneys in the fund shall become a part  
6 of the fund and shall not lapse.

7 (f) A total of two million dollars (\$2,000,000) in fiscal year 2018-2019 and a  
8 total of four million dollars (\$4,000,000) in fiscal year 2019-2020 shall be  
9 deposited in the TVA regional development agency assistance fund from the  
10 general fund.

11 (3) (a) For each fiscal year beginning on or after July 1, 2018, each fiscal court of  
12 a fund-eligible county shall designate in writing one (1) agency that shall  
13 receive a portion of the total amount of moneys in the TVA regional  
14 development agency assistance fund.

15 (b) Each agency's portion shall equal the total amount of moneys in the fund  
16 for the fiscal year divided by the total number of agencies designated to  
17 receive moneys by fiscal courts of fund-eligible counties.

18 (c) The payment to each agency shall be made at the same time and in the same  
19 manner as payments are made to counties in KRS 96.895(2).

20 (d) The Finance and Administration Cabinet shall promulgate administrative  
21 regulations related to the application process for the fiscal courts in fund-  
22 eligible counties to submit a designated agency.

23 (4) All agencies receiving funds under this section shall:

24 (a) Operate in, or serve the interest of, the county whose fiscal court designated  
25 it to receive funding;

26 (b) Use the funds for economic development and job creation activities that the  
27 agency is empowered to undertake in that county;

1 (c) Use the funds to acquire federal, state, or private matching funds to the  
 2 extent possible; and

3 (d) Provide a written report annually, no later than October 1, to the fiscal  
 4 court that designated it for payment and to the Interim Joint Committee on  
 5 Appropriations and Revenue. The report shall describe how the funds were  
 6 expended and the results of the use of funds in terms of economic  
 7 development and job creation.

8 →Section 10. KRS 278.020 is amended to read as follows:

9 (1) (a) No person, partnership, public or private corporation, or combination thereof  
 10 shall commence providing utility service to or for the public or begin the  
 11 construction of any plant, equipment, property, or facility for furnishing to the  
 12 public any of the services enumerated in KRS 278.010, except:

13 1. Retail electric suppliers for service connections to electric-consuming  
 14 facilities located within its certified territory and ordinary extensions of  
 15 existing systems in the usual course of business; or

16 2. A water district created under KRS Chapter 74 or a water association  
 17 formed under KRS Chapter 273 that undertakes a waterline extension  
 18 or improvement project if the water district or water association is a  
 19 Class A or B utility as defined in the uniform system of accounts  
 20 established by the commission according to KRS 278.220 and:

21 a. The water line extension or improvement project will not cost  
 22 more than five hundred thousand dollars (\$500,000); or

23 b. The water district or water association will not, as a result of the  
 24 water line extension or improvement project, incur obligations  
 25 requiring commission approval as required by KRS 278.300.

26 In either case, the water district or water association shall not, as a  
 27 result of the water line extension or improvement project, increase

1                    rates to its customers;~~[,]~~

2                    until that person has obtained from the Public Service Commission a  
3                    certificate that public convenience and necessity require the service or  
4                    construction.

5                    (b) Upon the filing of an application for a certificate, and after any public hearing  
6                    which the commission may in its discretion conduct for all interested parties,  
7                    the commission may issue or refuse to issue the certificate, or issue it in part  
8                    and refuse it in part, except that the commission shall not refuse or modify an  
9                    application submitted under KRS 278.023 without consent by the parties to  
10                    the agreement.

11                    (c) The commission, when considering an application for a certificate to construct  
12                    a base load electric generating facility, may consider the policy of the General  
13                    Assembly to foster and encourage use of Kentucky coal by electric utilities  
14                    serving the Commonwealth.

15                    (d) The commission, when considering an application for a certificate to construct  
16                    an electric transmission line, may consider the interstate benefits expected to  
17                    be achieved by the proposed construction or modification of electric  
18                    transmission facilities in the Commonwealth.

19                    (e) Unless exercised within one (1) year from the grant thereof, exclusive of any  
20                    delay due to the order of any court or failure to obtain any necessary grant or  
21                    consent, the authority conferred by the issuance of the certificate of  
22                    convenience and necessity shall be void, but the beginning of any new  
23                    construction or facility in good faith within the time prescribed by the  
24                    commission and the prosecution thereof with reasonable diligence shall  
25                    constitute an exercise of authority under the certificate.

26                    (2) For the purposes of this section, construction of any electric transmission line of one  
27                    hundred thirty-eight (138) kilovolts or more and of more than five thousand two

1 hundred eighty (5,280) feet in length shall not be considered an ordinary extension  
2 of an existing system in the usual course of business and shall require a certificate  
3 of public convenience and necessity. However, ordinary extensions of existing  
4 systems in the usual course of business not requiring such a certificate shall include:

5 (a) The replacement or upgrading of any existing electric transmission line; or

6 (b) The relocation of any existing electric transmission line to accommodate  
7 construction or expansion of a roadway or other transportation infrastructure;  
8 or

9 (c) An electric transmission line that is constructed solely to serve a single  
10 customer and that will pass over no property other than that owned by the  
11 customer to be served.

12 (3) Prior to granting a certificate of public convenience and necessity to construct  
13 facilities to provide the services set forth in KRS 278.010(3)(f), the commission  
14 shall require the applicant to provide a surety bond, or a reasonable guaranty that the  
15 applicant shall operate the facilities in a reasonable and reliable manner for a period  
16 of at least five (5) years. The surety bond or guaranty shall be in an amount  
17 sufficient to ensure the full and faithful performance by the applicant or its  
18 successors of the obligations and requirements of this chapter and of all applicable  
19 federal and state environmental requirements. However, no surety bond or guaranty  
20 shall be required for an applicant that is a water district or water association or for  
21 an applicant that the commission finds has sufficient assets to ensure the continuity  
22 of sewage service.

23 (4) No utility shall exercise any right or privilege under any franchise or permit, after  
24 the exercise of that right or privilege has been voluntarily suspended or  
25 discontinued for more than one (1) year, without first obtaining from the  
26 commission, in the manner provided in subsection (1) of this section, a certificate of  
27 convenience and necessity authorizing the exercise of that right or privilege.

- 1 (5) No utility shall apply for or obtain any franchise, license, or permit from any city or  
2 other governmental agency until it has obtained from the commission, in the manner  
3 provided in subsection (1) of this section, a certificate of convenience and necessity  
4 showing that there is a demand and need for the service sought to be rendered.
- 5 (6) No person shall acquire or transfer ownership of, or control, or the right to control,  
6 any utility under the jurisdiction of the commission by sale of assets, transfer of  
7 stock, or otherwise, or abandon the same, without prior approval by the  
8 commission. The commission shall grant its approval if the person acquiring the  
9 utility has the financial, technical, and managerial abilities to provide reasonable  
10 service.
- 11 (7) No individual, group, syndicate, general or limited partnership, association,  
12 corporation, joint stock company, trust, or other entity (an "acquirer"), whether or  
13 not organized under the laws of this state, shall acquire control, either directly or  
14 indirectly, of any utility furnishing utility service in this state, without having first  
15 obtained the approval of the commission. Any acquisition of control without prior  
16 authorization shall be void and of no effect. As used in this subsection, the term  
17 "control" means the possession, directly or indirectly, of the power to direct or cause  
18 the direction of the management and policies of a utility, whether through the  
19 ownership of voting securities, by effecting a change in the composition of the  
20 board of directors, by contract or otherwise. Control shall be presumed to exist if  
21 any individual or entity, directly or indirectly, owns ten percent (10%) or more of  
22 the voting securities of the utility. This presumption may be rebutted by a showing  
23 that ownership does not in fact confer control. Application for any approval or  
24 authorization shall be made to the commission in writing, verified by oath or  
25 affirmation, and be in a form and contain the information as the commission  
26 requires. The commission shall approve any proposed acquisition when it finds that  
27 the same is to be made in accordance with law, for a proper purpose and is

1 consistent with the public interest. The commission may make investigation and  
2 hold hearings in the matter as it deems necessary, and thereafter may grant any  
3 application under this subsection in whole or in part and with modification and  
4 upon terms and conditions as it deems necessary or appropriate. The commission  
5 shall grant, modify, refuse, or prescribe appropriate terms and conditions with  
6 respect to every such application within sixty (60) days after the filing of the  
7 application therefor, unless it is necessary, for good cause shown, to continue the  
8 application for up to sixty (60) additional days. The order continuing the application  
9 shall state fully the facts that make continuance necessary. In the absence of that  
10 action within that period of time, any proposed acquisition shall be deemed to be  
11 approved.

- 12 (8) Subsection (7) of this section shall not apply to any acquisition of control of any:
- 13 (a) Utility which derives a greater percentage of its gross revenue from business  
14 in another jurisdiction than from business in this state if the commission  
15 determines that the other jurisdiction has statutes or rules which are applicable  
16 and are being applied and which afford protection to ratepayers in this state  
17 substantially equal to that afforded such ratepayers by subsection (7) of this  
18 section;
- 19 (b) Utility by an acquirer who directly, or indirectly through one (1) or more  
20 intermediaries, controls, or is controlled by, or is under common control with,  
21 the utility, including any entity created at the direction of such utility for  
22 purposes of corporate reorganization; or
- 23 (c) Utility pursuant to the terms of any indebtedness of the utility, provided the  
24 issuance of indebtedness was approved by the commission.
- 25 (9) In a proceeding on an application filed pursuant to this section, any interested  
26 person, including a person over whose property the proposed transmission line will  
27 cross, may request intervention, and the commission shall, if requested, conduct a

1 public hearing in the county in which the transmission line is proposed to be  
2 constructed, or, if the transmission line is proposed to be constructed in more than  
3 one county, in one of those counties. The commission shall issue its decision no  
4 later than ninety (90) days after the application is filed, unless the commission  
5 extends this period, for good cause, to one hundred twenty (120) days. The  
6 commission may utilize the provisions of KRS 278.255(3) if, in the exercise of its  
7 discretion, it deems it necessary to hire a competent, qualified and independent firm  
8 to assist it in reaching its decision. The issuance by the commission of a certificate  
9 that public convenience and necessity require the construction of an electric  
10 transmission line shall be deemed to be a determination by the commission that, as  
11 of the date of issuance, the construction of the line is a prudent investment.

12 (10) The commission shall not approve any application under subsection (6) or (7) of  
13 this section for the transfer of control of a utility described in KRS 278.010(3)(f)  
14 unless the commission finds, in addition to findings required by those subsections,  
15 that the person acquiring the utility has provided evidence of financial integrity to  
16 ensure the continuity of sewage service in the event that the acquirer cannot  
17 continue to provide service.

18 (11) The commission shall not accept for filing an application requesting authority to  
19 abandon facilities that provide services as set forth in KRS 278.010(3)(f) or to cease  
20 providing services unless the applicant has provided written notice of the filing to  
21 the following:

- 22 (a) Kentucky Division of Water;
- 23 (b) Office of the Attorney General; and
- 24 (c) The county judge/executive, mayor, health department, planning and zoning  
25 commission, and public sewage service provider of each county and each city  
26 in which the utility provides utility service.

27 (12) The commission may grant any application requesting authority to abandon

1 facilities that provide services as set forth in KRS 278.010(3)(f) or to cease  
2 providing services upon terms and conditions as the commission deems necessary  
3 or appropriate, but not before holding a hearing on the application and no earlier  
4 than ninety (90) days from the date of the commission's acceptance of the  
5 application for filing, unless the commission finds it necessary for good cause to act  
6 upon the application earlier.

7 (13) If any provision of this section or the application thereof to any person or  
8 circumstance is held invalid, the invalidity shall not affect other provisions or  
9 applications of this section which can be given effect without the invalid provision  
10 or application, and to that end the provisions are declared to be severable.

11 ➔Section 11. KRS 150.021 is amended to read as follows:

12 (1) The Department of Fish and Wildlife Resources shall constitute a department of  
13 state government within the meaning of KRS Chapter 12. The department shall  
14 consist of a commissioner, a Fish and Wildlife Resources Commission, the Division  
15 of Law Enforcement, and other agents and employees provided for in this chapter.  
16 The department shall enforce the laws and regulations adopted under this chapter  
17 relating to wildlife and shall exercise all powers necessarily incident thereto.

18 (2) Any powers conferred by this chapter upon the Department of Fish and Wildlife  
19 Resources, the Fish and Wildlife Resources Commission, or the commissioner of  
20 the Department of Fish and Wildlife Resources, and any powers conferred by KRS  
21 Chapter 235 shall be exercised subject to the provisions of KRS Chapters 42, 45,  
22 45A, 56, and 64, which chapters in all respects are controlling.

23 **(3) (a) The Finance and Administration Cabinet shall assess the Department of**  
24 **Fish and Wildlife Resources each fiscal year a fee in an amount equal to**  
25 **twenty percent (20%) of the debt service associated with all phases and**  
26 **implementation of the capital project to replace, repair, or maintain the two**  
27 **(2) way radio system utilized by the Department of Kentucky State Police.**



1       **(b) The fee shall be assessed on each phase of the implementation of the two (2)**  
 2               **way radio system and shall continue to be assessed until all debt for the**  
 3               **system has been retired.**

4       ➔Section 12. KRS 139.538 is amended to read as follows:

5       (1) It is the intent and purpose of the General Assembly in enacting this section and  
 6       139.990(5), to encourage the motion picture industry to choose locations in the  
 7       Commonwealth for the filming or producing of motion pictures, by providing an  
 8       exemption from sales and use taxes. The exemption is accomplished by granting a  
 9       refundable credit for sales and use taxes paid on purchases made in connection with  
 10      the filming or producing of motion pictures in Kentucky.

11      (2) **(a) Beginning on the effective date of this Act and until July 1, 2020, the**  
 12               **department shall not accept any new applications as provided by subsection**  
 13               **(4) of this section.**

14      **(b) On or before June 1, 2019, the department shall provide the following**  
 15               **information to the Interim Joint Committee on Appropriations and Revenue**  
 16               **for all fiscal years data is available:**

17               **1. The name of the motion picture company;**

18               **2. The filming location or locations in this state;**

19               **3. A brief description of the production;**

20               **4. The amount of sales and use tax refunded; and**

21               **5. The total amount of all sales and use tax refunded to motion picture**  
 22               **production companies during each fiscal year reported.**

23      **(3)** As used in this section and KRS 139.990(5):

24      (a) "Financial institution" means any bank or savings and loan institution in the  
 25      Commonwealth which carries FDIC or FSLIC insurance;

26      (b) "Motion picture production company" means a company engaged in the  
 27      business of producing motion pictures intended for a theatrical release or for

1           exhibition on national television either by a network or for national  
2           syndication, or television programs which will serve as a pilot for or a  
3           segment of a nationally televised dramatic series, either by a network or for  
4           national syndication; and

5           (c) "Secretary" means the secretary of the Kentucky Finance and Administration  
6           Cabinet.

7           ~~(4)~~~~(3)~~ Any motion picture production company that intends to film all or parts of a  
8           motion picture in the Commonwealth and desires to receive the credit provided for  
9           in subsection ~~(7)~~~~(6)~~ of this section shall, prior to the commencement of filming:

10          (a) Provide the department with the address of a Kentucky location at which  
11          records of expenditures qualifying for the tax credit will be maintained, and  
12          with the name of the individual maintaining these records; and

13          (b) File an application for the tax credit within sixty (60) days after the  
14          completion of filming or production in Kentucky. The application shall  
15          include a final expenditure report providing documentation for expenditures in  
16          accordance with administrative regulations promulgated by the department.

17           ~~(5)~~~~(4)~~ To qualify as a basis for the financial incentive, expenditures must be made by  
18          check drawn upon any Kentucky financial institution.

19           ~~(6)~~~~(5)~~ The twelve (12) month period during which expenditures may qualify for the  
20          tax credit shall begin on the date of the earliest expenditure reported.

21           ~~(7)~~~~(6)~~ Any motion picture production company which films or produces one (1) or  
22          more motion pictures in the Commonwealth during any twelve (12) month period  
23          shall, upon making application therefor and meeting the other requirements  
24          prescribed in this section, be entitled to a refundable tax credit equal to the amount  
25          of Kentucky sales and use tax paid for purchases made in connection with the  
26          filming or production of a motion picture.

27           ~~(8)~~~~(7)~~ The department shall, within sixty (60) days following the receipt of an

1 application for a credit for sales and use tax paid, calculate the total expenditures of  
2 the motion picture production company for which there is documentation for funds  
3 expended in the Commonwealth, calculate the amount of credit to which the  
4 applicant is entitled, and certify the amount of the credit to the secretary. In the case  
5 of an audit, as provided for in subsection ~~(13)~~~~(12)~~ of this section, the department  
6 shall certify the amount of the credit due to the secretary within one hundred eighty  
7 (180) days following the receipt of the motion picture production company's  
8 application.

9 ~~(9)~~~~(8)~~ Upon receipt of the certification of the amount of credit from the department,  
10 the secretary shall cause the refund of sales taxes paid to be remitted to the motion  
11 picture production company. For purposes of payment and funding thereof, the  
12 credit shall be paid in the same manner as other claims on the State Treasury are  
13 paid. They shall not be charged against any appropriation but shall be deducted  
14 from tax receipts for the current fiscal year.

15 ~~(10)~~~~(9)~~ The sales and use taxes paid by the motion picture production company for  
16 which a refundable tax credit is granted shall be deemed not to have been legally  
17 paid into the State Treasury, and the refund of the credit shall not be in violation of  
18 Section 59 of the Kentucky Constitution.

19 ~~(11)~~~~(10)~~ Any tax credit or part thereof paid to a motion picture production company as  
20 a result of error by the department shall be repaid by such company to the secretary.

21 ~~(12)~~~~(11)~~ Any tax credit or part thereof paid to a motion picture production company as  
22 a result of error or fraudulent statements made by the motion picture production  
23 company shall be repaid by such company to the secretary, together with interest, at  
24 the tax interest rate provided for in KRS 131.010(6).

25 ~~(13)~~~~(12)~~ The department may require that reported expenditures and the application for  
26 the tax credit from a motion picture production company be subjected to an audit by  
27 the department auditors to verify expenditures.

1 ~~(14)~~~~(13)~~ For companies in the business of producing films or television shows other  
2 than those which would qualify them for the credit under the definition of "motion  
3 picture production company," the department may require separate accounting  
4 records for the reporting of expenditures made in connection with the application  
5 for a refundable tax credit.

6 ~~(15)~~~~(14)~~ The department may promulgate appropriate administrative regulations to  
7 carry out the intent and purposes of this section.

8 ➔SECTION 13. A NEW SECTION OF KRS 148.542 TO 148.546 IS CREATED  
9 TO READ AS FOLLOWS:

10 *(1) Beginning on the effective date of this Act, the office shall not accept new*  
11 *applications or make any preliminary approvals until on or after July 1, 2020.*

12 *(2) Prior to June 1, 2019, the office and the Department of Revenue shall work*  
13 *jointly to provide the following information for each approved motion picture or*  
14 *entertainment production project to the Interim Joint Committee on*  
15 *Appropriations and Revenue by taxable year for all years that a refundable credit*  
16 *under KRS 141.383 is claimed:*

17 *(a) The name of the approved company and whether it is Kentucky-based or*  
18 *not;*

19 *(b) A brief description of the motion picture or entertainment production*  
20 *project;*

21 *(c) The amount of qualifying expenditures and the amount of qualifying*  
22 *payroll expenditures included in the agreement;*

23 *(d) The amount of qualifying expenditures and the amount of qualifying*  
24 *payroll expenditures paid to below-the-line production crew and paid to*  
25 *above-the-line production crew in an enhanced incentive county;*

26 *(e) The amount of qualifying expenditures and the amount of qualifying*  
27 *payroll expenditures paid to below-the-line production crew and paid to*

1                   above-the line production crew in a county other than an enhanced  
 2                   incentive county; and

3                   (f) The total amount of the tax credit claimed on a return by tax type, any  
 4                   amount denied, any amount applied against a tax liability, and any amount  
 5                   refunded.

6                   ➔Section 14. KRS 148.8531 is amended to read as follows:

7                   Beginning on the effective date of this Act, the authority shall not accept any new  
 8                   applications or make preliminary approvals until on or after July 1, 2020. [~~New~~  
 9                   ~~applications shall not be accepted or considered before August 1, 2014, or after May 1,~~  
 10                   ~~2018, for the sales tax incentive provided in KRS 148.853(3)(b)2. All projects with~~  
 11                   ~~preliminary or final approval under KRS 148.851 to 148.860 on July 31, 2018, shall~~  
 12                   ~~continue to be governed by KRS 148.851 to 148.860.~~]

13                   ➔Section 15. KRS 148.853 is amended to read as follows:

14                   (1) The General Assembly finds and declares that:

15                   (a) The general welfare and material well-being of the citizens of the  
 16                   Commonwealth depend in large measure upon the development of tourism in  
 17                   the Commonwealth;

18                   (b) It is in the best interest of the Commonwealth to provide incentives for the  
 19                   creation of new tourism attractions and the expansion of existing tourism  
 20                   attractions within the Commonwealth in order to advance the public purposes  
 21                   of relieving unemployment by preserving and creating jobs that would not  
 22                   exist if not for the incentives offered by the authority to approved companies,  
 23                   and by preserving and creating sources of tax revenues for the support of  
 24                   public services provided by the Commonwealth;

25                   (c) The authorities granted by KRS 148.851 to 148.860 are proper governmental  
 26                   and public purposes for which public moneys may be expended; and

27                   (d) That the creation or expansion of tourism development projects is of

1 paramount importance mandating that the provisions of KRS 139.536 and  
2 KRS 148.851 to 148.860 be liberally construed and applied in order to  
3 advance public purposes.

4 (2) To qualify for incentives provided in KRS 139.536 and 148.851 to 148.860, the  
5 following requirements shall be met:

6 (a) For a tourism attraction project:

- 7 1. The total eligible costs shall exceed one million dollars (\$1,000,000),  
8 except for a tourism attraction project located in a county designated as  
9 an enhanced incentive county at the time the eligible company becomes  
10 an approved company as provided in KRS 148.857(6), the total eligible  
11 costs shall exceed five hundred thousand dollars (\$500,000);
- 12 2. In any year, including the first year of operation, the tourism attraction  
13 project shall be open to the public at least one hundred (100) days; and
- 14 3. In any year following the third year of operation, the tourism attraction  
15 project shall attract at least twenty-five percent (25%) of its visitors from  
16 among persons who are not residents of the Commonwealth;

17 (b) For an entertainment destination center project:

- 18 1. The total eligible costs shall exceed five million dollars (\$5,000,000);
- 19 2. The facility shall contain a minimum of two hundred thousand (200,000)  
20 square feet of building space adjacent or complementary to an existing  
21 tourism attraction project or a major convention facility;
- 22 3. The incentives shall be dedicated to a public infrastructure purpose that  
23 shall relate to the entertainment destination center project;
- 24 4. In any year, including the first year of operation, the entertainment  
25 destination center project shall:
  - 26 a. Be open to the public at least one hundred (100) days per year;
  - 27 b. Maintain at least one (1) major theme restaurant and at least three

- 1 (3) additional entertainment venues, including but not limited to  
2 live entertainment, multiplex theaters, large-format theater, motion  
3 simulators, family entertainment centers, concert halls, virtual  
4 reality or other interactive games, museums, exhibitions, or other  
5 cultural and leisure-time activities; and
- 6 c. Maintain a minimum occupancy of sixty percent (60%) of the total  
7 gross area available for lease with entertainment and food and  
8 drink options not including the retail sale of tangible personal  
9 property; and
- 10 5. In any year following the third year of operation, the entertainment  
11 destination center project shall attract at least twenty-five percent (25%)  
12 of its visitors from among persons who are not residents of the  
13 Commonwealth;
- 14 (c) For a theme restaurant destination attraction project:
- 15 1. The total eligible costs shall exceed five million dollars (\$5,000,000);
- 16 2. In any year, including the first year of operation, the attraction shall:
- 17 a. Be open to the public at least three hundred (300) days per year  
18 and for at least eight (8) hours per day; and
- 19 b. Generate no more than fifty percent (50%) of its revenue through  
20 the sale of alcoholic beverages;
- 21 3. In any year following the third year of operation, the theme restaurant  
22 destination attraction project shall attract a minimum of fifty percent  
23 (50%) of its visitors from among persons who are not residents of the  
24 Commonwealth; and
- 25 4. The theme restaurant destination attraction project shall:
- 26 a. At the time of final approval, offer a unique dining experience that  
27 is not available in the Commonwealth within a one hundred (100)

- 1 mile radius of the attraction;
- 2 b. In any year, including the first year of operation, maintain seating  
3 capacity of four hundred fifty (450) guests and offer live music or  
4 live musical and theatrical entertainment during the peak business  
5 hours that the facility is in operation and open to the public; or
- 6 c. Within three (3) years of the completion date, the attraction shall  
7 obtain a top two (2) tier rating by a nationally accredited service  
8 and shall maintain a top two (2) tier rating through the term of the  
9 agreement;
- 10 (d) For a lodging facility project:
- 11 1. a. The eligible costs shall exceed five million dollars (\$5,000,000)  
12 unless the provisions of subdivision b. of this subparagraph apply.
- 13 b. i. If the lodging facility is an integral part of a major  
14 convention or sports facility, the eligible costs shall exceed six  
15 million dollars (\$6,000,000); and
- 16 ii. If the lodging facility includes five hundred (500) or more  
17 guest rooms, the eligible costs shall exceed ten million  
18 dollars (\$10,000,000); and
- 19 2. In any year, including the first year of operation, the lodging facility  
20 shall:
- 21 a. Be open to the public at least one hundred (100) days; and
- 22 b. Attract at least twenty-five percent (25%) of its visitors from  
23 among persons who are not residents of the Commonwealth;
- 24 (e) Any tourism development project shall not be eligible for incentives if it  
25 includes material determined to be lewd, offensive, or deemed to have a  
26 negative impact on the tourism industry in the Commonwealth; and
- 27 (f) An expansion of any tourism development project shall in all cases be treated



1 as a new stand-alone project.

2 (3) The incentives offered under the Kentucky Tourism Development Act shall be as  
3 follows:

4 (a) An approved company may be granted a sales tax incentive based on the  
5 Kentucky sales tax imposed on sales generated by or arising at the tourism  
6 development project; and

7 (b) 1. For a tourism development project other than a lodging facility project  
8 described in KRS 148.851(14)(e) or (f) ~~or a tourism attraction project~~  
9 ~~described in subparagraph 2. of this paragraph~~:

10 a. A sales tax incentive shall be allowed to an approved company  
11 over a period of ten (10) years, except as provided in subparagraph  
12 ~~4.~~<sup>5.</sup> of this paragraph; and

13 b. The sales tax incentive shall not exceed the lesser of the total  
14 amount of the sales tax liability of the approved company and its  
15 lessees or a percentage of the approved costs as specified by the  
16 agreement, not to exceed twenty-five percent (25%);

17 ~~2. For a tourism attraction project located in an enhanced incentive county~~  
18 ~~at the time the eligible company becomes an approved company as~~  
19 ~~provided in KRS 148.857(6):~~

20 ~~a. A sales tax incentive shall be allowed to the approved company~~  
21 ~~over a period of ten (10) years; and~~

22 ~~b. The sales tax incentive shall not exceed the lesser of the total~~  
23 ~~amount of the sales tax liability of the approved company and its~~  
24 ~~lessees or a percentage of the approved costs as specified by the~~  
25 ~~agreement, not to exceed thirty percent (30%);~~

26 ~~3.~~ For a lodging facility project described in KRS 148.851(14)(e) or (f):

27 a. A sales tax incentive shall be allowed to the approved company

1 over a period of twenty (20) years; and

2 b. The sales tax incentive shall not exceed the lesser of total amount  
3 of the sales tax liability of the approved company and its lessees or  
4 a percentage of the approved costs as specified by the agreement,  
5 not to exceed fifty percent (50%);

6 ~~3.4.~~ Any unused incentives from a previous year may be carried forward to  
7 any succeeding year during the term of the agreement until the entire  
8 specified percentage of the approved costs has been received through  
9 sales tax incentives; and

10 ~~4.5.~~ If the approved company is an entertainment destination center that has  
11 dedicated at least thirty million dollars (\$30,000,000) of the incentives  
12 provided under the agreement to a public infrastructure purpose, the  
13 agreement may be amended to extend the term of the agreement up to  
14 two (2) additional years if the approved company agrees to:

15 a. Reinvest in the original entertainment destination project one  
16 hundred percent (100%) of any incentives received during the  
17 extension that were outstanding at the end of the original term of  
18 the agreement; and

19 b. Report to the authority at the end of each fiscal year the amount of  
20 incentives received during the extension and how the incentives  
21 were reinvested in the original entertainment destination project.

22 ➔ Section 16. KRS 148.859 is amended to read as follows:

23 (1) The authority, upon adoption of its final approval, may enter into a tourism  
24 development agreement with any approved company. The terms of the agreement  
25 shall be negotiated between the authority and the approved company and shall  
26 include but not be limited to:

27 (a) The amount of approved costs;

- 1 (b) That any increase in approved costs incurred by the approved company and  
2 agreed to by the authority shall apply retroactively for purposes of calculating  
3 the carry forward for unused incentives;
- 4 (c) A date certain by which the approved company shall have completed the  
5 tourism development project;
- 6 (d) That the authority may grant an extension or change, which in no event shall  
7 exceed three (3) years from the date of final approval, to the completion date  
8 as specified in the agreement of an approved company;
- 9 (e) That within three (3) months of the completion date, the approved company  
10 shall document the actual cost of the tourism development project through a  
11 certification of the costs to be provided by an independent certified public  
12 accountant acceptable to the authority;
- 13 (f) The term of the tourism development agreement and the maximum amount of  
14 recovery;
- 15 (g) That within forty-five (45) days after the end of each fiscal year of the  
16 approved company, during the term of the agreement, the approved company  
17 shall supply the authority with reports and certifications as the authority may  
18 request demonstrating to the satisfaction of the authority that the approved  
19 company is in compliance with the provisions of KRS 139.536 and KRS  
20 148.851 to 148.860;
- 21 (h) That the approved company shall notify the authority if any change in  
22 ownership of the tourism attraction is contemplated. The authority shall  
23 reserve the option to renegotiate the terms of the agreement or, if the change  
24 in ownership is detrimental to the Commonwealth, the authority may  
25 terminate the agreement;
- 26 (i) That the approved company shall not receive a sales tax incentive as  
27 prescribed by KRS 139.536 with respect to any fiscal year if the requirements

1 of KRS 148.853(2) have not been met;

2 (j) That the authority may grant an extension of up to three (3) years to the  
3 completion date in addition to the extension provided for in paragraph (d) of  
4 this subsection, to an approved company that has completed at least fifty  
5 percent (50%) of an entertainment destination center project;

6 (k) That in no event shall the completion date be more than six (6) years from the  
7 date of final approval; and

8 (l) That the extension provided for in paragraph (j) of this subsection shall be  
9 subject to the following conditions:

10 1. The approved company shall have spent or have contractually obligated  
11 to spend an amount equal to or greater than the amount of approved  
12 costs set forth in the initial agreement;

13 2. The term of the agreement shall not be extended, except as provided in  
14 KRS 148.853(3)(b)~~3~~.~~[4.]~~; and

15 3. The scope of the entertainment destination center project, as set forth in  
16 the initial agreement, shall not be altered to include new or additional  
17 entertainment and leisure options.

18 (2) The agreement, including the incentives provided under KRS 148.853, shall not be  
19 transferable or assignable by the approved company without the written consent of  
20 the authority and a passage of a resolution approving the proposed assignee of the  
21 incentives as an approved company.

22 ➔Section 17. KRS 148.8591 is amended to read as follows:

23 (1) By September 1, 2019~~[November 1 of each year]~~, the authority and the  
24 Department of Revenue shall work jointly to provide a report to the Interim Joint  
25 Committee on Appropriations and Revenue for each approved tourism  
26 development project by fiscal year for all projects approved after June 26,  
27 2009~~[shall file an annual report with the Governor and the Legislative Research~~

1       ~~Commission. The report shall be submitted in cooperation with the Cabinet for~~  
 2       ~~Economic Development and included in the single annual report required in KRS~~  
 3       ~~154.12-2035]. The report shall also be available on the Tourism, Arts and Heritage~~  
 4       ~~Cabinet's Web site.~~

5       ~~(2) The report shall include information for all projects approved after June 26, 2009.~~

6       ~~(3)~~ The report shall include the following information:

7       (a) For each approved project:

8           1. The name of the approved company and a brief description of the  
 9           project;

10          2. The amount of approved costs included in the agreement;

11          3. The maximum amount of incentives the approved company may recover  
 12          over the term of the agreement;

13          4. The term of the agreement; ~~and~~

14          5. The total amount recovered under the agreement, reported for both the  
 15          prior fiscal year and cumulatively;

16          **6. The date on which the approved company became eligible to receive**  
 17          **incentives under KRS 139.536; and**

18          **7. The amount of sales tax incentive received by fiscal year for each year**  
 19          **of the agreement;**

20       (b) The number of applications for projects submitted **for each** ~~during the prior~~  
 21       fiscal year;

22       (c) The number of projects finally approved **for each** ~~during the prior~~ fiscal year;  
 23       and

24       (d) The total dollar amount approved for recovery for all projects approved **for**  
 25       **each** ~~during the prior~~ fiscal year, and cumulatively under the Tourism  
 26       Development Act since its inception, by year of approval.

27       ~~(3)~~~~(4)~~ The information required to be reported under this section shall not be

1 considered confidential taxpayer information and shall not be subject to KRS  
 2 Chapter 131 or any other provision of the Kentucky Revised Statutes prohibiting  
 3 disclosure or reporting of information.

4 ➔Section 18. KRS 131.190 is amended to read as follows:

5 (1)~~[(a)]~~ No present or former commissioner or employee of the department ~~[of~~  
 6 ~~Revenue]~~, present or former member of a county board of assessment appeals,  
 7 present or former property valuation administrator or employee, present or former  
 8 secretary or employee of the Finance and Administration Cabinet, former secretary  
 9 or employee of the Revenue Cabinet, or any other person, shall intentionally and  
 10 without authorization inspect or divulge any information acquired by him of the  
 11 affairs of any person, or information regarding the tax schedules, returns, or reports  
 12 required to be filed with the department or other proper officer, or any information  
 13 produced by a hearing or investigation, insofar as the information may have to do  
 14 with the affairs of the person's business.

15 (2)~~[(b)]~~ The prohibition established by subsection (1) ~~[paragraph (a)]~~ of this section  
 16 shall ~~[subsection does]~~ not extend to:

17 (a) ~~[1-]~~ Information required in prosecutions for making false reports or returns  
 18 of property for taxation, or any other infraction of the tax laws;

19 (b) ~~[2-]~~ Any matter properly entered upon any assessment record, or in any way  
 20 made a matter of public record;

21 (c) ~~[3-]~~ Furnishing any taxpayer or his properly authorized agent with  
 22 information respecting his own return;

23 (d) ~~[4-]~~ Testimony provided by the commissioner or any employee of the  
 24 department ~~[of Revenue]~~ in any court, or the introduction as evidence of  
 25 returns or reports filed with the department, in an action for violation of state  
 26 or federal tax laws or in any action challenging state or federal tax laws;

27 (e) ~~[5-]~~ Providing an owner of unmined coal, oil or gas reserves, and other

1 mineral or energy resources assessed under KRS 132.820~~[(1)]~~, or owners of  
 2 surface land under which the unmined minerals lie, factual information about  
 3 the owner's property derived from third-party returns filed for that owner's  
 4 property, under the provisions of KRS 132.820~~[(2)]~~, that is used to determine  
 5 the owner's assessment. This information shall be provided to the owner on a  
 6 confidential basis, and the owner shall be subject to the penalties provided in  
 7 KRS 131.990~~(2)~~~~[(21)]~~. The third-party filer shall be given prior notice of any  
 8 disclosure of information to the owner that was provided by the third-party  
 9 filer;

10 ~~(f)~~~~[6.]~~ Providing to a third-party purchaser pursuant to an order entered in a  
 11 foreclosure action filed in a court of competent jurisdiction, factual  
 12 information related to the owner or lessee of coal, oil, gas reserves, or any  
 13 other mineral resources assessed under KRS 132.820~~[(1)]~~. The department  
 14 may promulgate an administrative regulation establishing a fee schedule for  
 15 the provision of the information described in this ~~paragraph~~~~[subparagraph]~~.  
 16 Any fee imposed shall not exceed the greater of the actual cost of providing  
 17 the information or ten dollars (\$10);~~[-or]~~

18 ~~(g)~~~~[7.]~~ Providing information to a licensing agency, the Transportation Cabinet,  
 19 or the Kentucky Supreme Court under KRS 131.1817;

20 **(h) Statistics of gasoline and special fuels gallonage reported to the department**  
 21 **under KRS 138.210 to 138.448;**

22 **(i) Providing any utility gross receipts license tax return information that is**  
 23 **necessary to administer the provisions of KRS 160.613 to 160.617 to**  
 24 **applicable school districts on a confidential basis; or**

25 **(j) Providing information to the Legislative Research Commission under:**  
 26 **1. KRS 139.519 for purposes of the sales and use tax refund on building**  
 27 **materials used for disaster recovery;**

- 1                    2.    *KRS 141.436 for purposes of the energy efficiency products credits;*
- 2                    3.    *KRS 141.437 for purposes of the ENERGY STAR home and the*
- 3                              *ENERGY STAR manufactured home credits;*
- 4                    4.    *Section 19 of this Act for purposes of the distilled spirits credit;*
- 5                    5.    *Sections 12 and 13 of this Act for purposes of the film industry tax*
- 6                              *incentives; and*
- 7                    6.    *Section 14 of this Act for purposes of the tourism development*
- 8                              *incentives.*

9    ~~(3)~~<sup>(2)</sup>    The commissioner shall make available any information for official use only  
10            and on a confidential basis to the proper officer, agency, board or commission of  
11            this state, any Kentucky county, any Kentucky city, any other state, or the federal  
12            government, under reciprocal agreements whereby the department shall receive  
13            similar or useful information in return.

14    ~~[(3) Statistics of tax paid gasoline gallonage reported monthly to the department of~~  
15            ~~Revenue under the gasoline excise tax law may be made public by the department.]~~

16    (4)    Access to and inspection of information received from the Internal Revenue Service  
17            is for department~~[of Revenue]~~ use only, and is restricted to tax administration  
18            purposes.~~[ Notwithstanding the provisions of this section to the contrary,]~~  
19            Information received from the Internal Revenue Service shall not be made available  
20            to any other agency of state government, or any county, city, or other state, and shall  
21            not be inspected intentionally and without authorization by any present secretary or  
22            employee of the Finance and Administration Cabinet, commissioner or employee of  
23            the department~~[of Revenue]~~, or any other person.

24    (5)    Statistics of crude oil as reported to the Department of Revenue under the crude oil  
25            excise tax requirements of KRS Chapter 137 and statistics of natural gas production  
26            as reported to the Department of Revenue under the natural resources severance tax  
27            requirements of KRS Chapter 143A may be made public by the department by



1 release to the Energy and Environment Cabinet, Department for Natural Resources.

2 (6) Notwithstanding any provision of law to the contrary, beginning with mine-map  
3 submissions for the 1989 tax year, the department may make public or divulge only  
4 those portions of mine maps submitted by taxpayers to the department pursuant to  
5 KRS Chapter 132 for ad valorem tax purposes that depict the boundaries of mined-  
6 out parcel areas. These electronic maps shall not be relied upon to determine actual  
7 boundaries of mined-out parcel areas. Property boundaries contained in mine maps  
8 required under KRS Chapters 350 and 352 shall not be construed to constitute land  
9 surveying or boundary surveys as defined by KRS 322.010 and any administrative  
10 regulations promulgated thereto.

11 ~~[(7) Notwithstanding any other provision of the Kentucky Revised Statutes, The~~  
12 ~~department may divulge to the applicable school districts on a confidential basis any~~  
13 ~~utility gross receipts license tax return information that is necessary to administer the~~  
14 ~~provisions of KRS 160.613 to 160.617.]~~

15 ➔Section 19. KRS 141.389 is amended to read as follows:

16 (1) (a) There shall be allowed a nonrefundable and nontransferable credit to each  
17 taxpayer paying the distilled spirits ad valorem tax as follows:

18 1. For taxable years beginning on or after January 1, 2015, and before  
19 December 31, 2015, the credit shall be equal to twenty percent (20%) of  
20 the tax assessed under KRS 132.160 and paid under KRS 132.180 on a  
21 timely basis;

22 2. For taxable years beginning on or after January 1, 2016, and before  
23 December 31, 2016, the credit shall be equal to forty percent (40%) of  
24 the tax assessed under KRS 132.160 and paid under KRS 132.180 on a  
25 timely basis;

26 3. For taxable years beginning on or after January 1, 2017, and before  
27 December 31, 2017, the credit shall be equal to sixty percent (60%) of

- 1           the tax assessed under KRS 132.160 and paid under KRS 132.180 on a  
2           timely basis;
- 3           4. For taxable years beginning on or after January 1, 2018, and before  
4           December 31, 2018, the credit shall be equal to eighty percent (80%) of  
5           the tax assessed under KRS 132.160 and paid under KRS 132.180 on a  
6           timely basis; and
- 7           5. For taxable years beginning on or after January 1, 2019, the credit shall  
8           be equal to one hundred percent (100%) of the tax assessed under KRS  
9           132.160 and paid under KRS 132.180 on a timely basis.
- 10          (b) The credit shall be applied both to the income tax imposed under KRS  
11           141.020 or 141.040 and to the limited liability entity tax imposed under KRS  
12           141.0401, with the ordering of the credits as provided in KRS 141.0205.
- 13          (2) The amount of distilled spirits credit allowed under subsection (1) of this section  
14           shall be used only for capital improvements at the premises of the distiller licensed  
15           pursuant to KRS Chapter 243. As used in this subsection, "capital improvement"  
16           means any costs associated with:
- 17           (a) Construction, replacement, or remodeling of warehouses or facilities;
- 18           (b) Purchases of barrels and pallets used for the storage and aging of distilled  
19           spirits in maturing warehouses;
- 20           (c) Acquisition, construction, or installation of equipment for the use in the  
21           manufacture, bottling, or shipment of distilled spirits;
- 22           (d) Addition or replacement of access roads or parking facilities; and
- 23           (e) Construction, replacement, or remodeling of facilities to market or promote  
24           tourism, including but not limited to a visitor's center.
- 25          (3) The distilled spirits credit allowed under subsection (1) of this section:
- 26           (a) May be accumulated for multiple taxable years;
- 27           (b) Shall be claimed on the return of the taxpayer filed for the taxable year during

- 1           which the credits were used pursuant to subsection (2) of this section; and
- 2       (c) Shall not include:
- 3           1. Any delinquent tax paid to the Commonwealth; or
- 4           2. Any interest, fees, or penalty paid to the Commonwealth.
- 5       (4) (a) Before the distilled spirits credit shall be allowed on any return, the capital
- 6           improvements required by subsection (2) of this section shall be completed
- 7           and specifically associated with the credit allowed on the return.
- 8       (b) The amount of distilled spirits credit allowed shall be recaptured if the capital
- 9           improvement associated with the credit is sold or otherwise disposed of prior
- 10          to the exhaustion of the useful life of the asset for Kentucky depreciation
- 11          purposes.
- 12       (c) If the allowed credit is associated with multiple capital improvements, and not
- 13          all capital improvements are sold or otherwise disposed of, the distilled spirits
- 14          credit shall be prorated based on the cost of the capital improvement sold over
- 15          the total cost of all improvements associated with the credit.
- 16       (5) If the taxpayer is a pass-through entity, the taxpayer may apply the credit against the
- 17          limited liability entity tax imposed by KRS 141.0401, and shall pass the credit
- 18          through to its members, partners, or shareholders in the same proportion as the
- 19          distributive share of income or loss is passed through.
- 20       (6) The department may promulgate an administrative regulation pursuant to KRS
- 21          Chapter 13A to implement the allowable credit under this section, require the filing
- 22          of forms designed by the department, and require specific information for the
- 23          evaluation of the credit taken by any taxpayer.
- 24       (7) ~~[Notwithstanding KRS 131.190,]~~ No later than September 1, 2016, and annually
- 25          thereafter, the department shall report to the Interim Joint Committee on
- 26          Appropriations and Revenue:
- 27       (a) The name of each taxpayer taking the credit permitted by subsection (1) of

1           this section;

2           (b) The amount of credit taken by that taxpayer; and

3           (c) The type of capital improvement made for which the credit is claimed.

4           ➔Section 20. KRS 131.020 is amended to read as follows:

5       (1) The Department of Revenue, headed by a commissioner appointed by the secretary  
6       with the approval of the Governor, shall be organized into the following functional  
7       units:

8           (a) Office of the Commissioner, which shall consist of:

9               1. The Division of Protest Resolution, headed by a division director who  
10              shall report directly to the commissioner. The division shall administer  
11              the protest functions for the department from office resolution through  
12              court action; and

13              2. The Division of Taxpayer Ombudsman, headed by a division director  
14              who shall report to the commissioner. The division shall perform those  
15              duties set out in KRS 131.083;

16           (b) Office of Tax Policy and Regulation, headed by an executive director who  
17           shall report directly to the commissioner. The office shall be responsible for:

18               1. Providing oral and written technical advice on Kentucky tax law;

19               2. Drafting proposed tax legislation and regulations;

20               3. Testifying before legislative committees on tax matters;

21               4. Analyzing tax publications;

22               5. Providing expert witness testimony in tax litigation cases;

23               6. Providing consultation and assistance in protested tax cases; and

24               7. Conducting training and education programs;

25           (c) Office of Processing and Enforcement, headed by an executive director who  
26           shall report directly to the commissioner. The office shall be responsible for  
27           processing documents, depositing funds, collecting debt payments, and

1 coordinating, planning, and implementing a data integrity strategy. The office  
2 shall consist of the:

- 3 1. Division of Operations, which shall be responsible for opening all tax  
4 returns, preparing the returns for data capture, coordinating the data  
5 capture process, depositing receipts, maintaining tax data, and assisting  
6 other state agencies with similar operational aspects as negotiated  
7 between the department and the other agency;
- 8 2. Division of Collections, which shall be responsible for initiating all  
9 collection enforcement activity related to due and owing tax  
10 assessments, including protest resolution, and for assisting other state  
11 agencies with similar collection aspects as negotiated between the  
12 department and the other state agency; and
- 13 3. Division of Registration and Data Integrity, which shall be responsible  
14 for registering businesses for tax purposes, ensuring that the data entered  
15 into the department's tax systems is accurate and complete, and assisting  
16 the taxing areas in proper procedures to ensure the accuracy of the data  
17 over time;

18 (d) Office of Property Valuation, headed by an executive director who shall report  
19 directly to the commissioner. The office shall consist of the:

- 20 1. Division of Local Support, which shall be responsible for providing  
21 supervision, assistance, and training to the property valuation  
22 administrators and sheriffs within the Commonwealth;
- 23 2. Division of State Valuation, which shall be responsible for providing  
24 assessments of public service companies and motor vehicles, and  
25 providing assistance to property valuation administrators and sheriffs  
26 with the administration of tangible and omitted property taxes within the  
27 Commonwealth; and

- 1           3. Division of Minerals Taxation and Geographical Information System  
2           Services, which shall be responsible for providing geographical  
3           information system mapping support, ensuring proper filing of severance  
4           tax returns, ensuring consistency of unmined coal assessments, and  
5           gathering and providing data to properly assess minerals to the property  
6           valuation administrators within the Commonwealth;
- 7           (e) Office of Sales and Excise Taxes, headed by an executive director who shall  
8           report directly to the commissioner. The office shall administer all matters  
9           relating to sales and use taxes and miscellaneous excise taxes, including but  
10          not limited to technical tax research, compliance, taxpayer assistance, tax-  
11          specific training, and publications. The office shall consist of the:
- 12          1. Division of Sales and Use Tax, which shall administer the sales and use  
13          tax; and
- 14          2. Division of Miscellaneous Taxes, which shall administer various other  
15          taxes, including but not limited to alcoholic beverage taxes; cigarette  
16          enforcement fees, stamps, meters, and taxes; gasoline tax; bank  
17          franchise tax; inheritance and estate tax; insurance premiums and  
18          insurance surcharge taxes; motor vehicle tire fees and usage taxes; and  
19          special fuels taxes;
- 20          (f) Office of Income Taxation, headed by an executive director who shall report  
21          directly to the commissioner. The office shall administer all matters related to  
22          income and corporation license taxes, including technical tax research,  
23          compliance, taxpayer assistance, tax-specific training, and publications. The  
24          office shall consist of the:
- 25          1. Division of Individual Income Tax, which shall administer the following  
26          taxes or returns: individual income, fiduciary, and employer  
27          withholding; and

1           2. Division of Corporation Tax, which shall administer the corporation  
2           income tax, corporation license tax, pass-through entity withholding,  
3           and pass-through entity reporting requirements; and

4           (g) Office of Field Operations, headed by an executive director who shall report  
5           directly to the commissioner. The office shall manage the regional taxpayer  
6           service centers and the field audit program.

7           (2) The functions and duties of the department shall include conducting conferences,  
8           administering taxpayer protests, and settling tax controversies on a fair and  
9           equitable basis, taking into consideration the hazards of litigation to the  
10          Commonwealth of Kentucky and the taxpayer. The mission of the department shall  
11          be to afford an opportunity for taxpayers to have an independent informal review of  
12          the determinations of the audit functions of the department, and to attempt to fairly  
13          and equitably resolve tax controversies at the administrative level.

14          (3) The department shall maintain an accounting structure for the one hundred twenty  
15          (120) property valuation administrators' offices across the Commonwealth in order  
16          to facilitate use of the state payroll system and the budgeting process.

17          (4) Except as provided in KRS 131.190(4), the department shall fully cooperate with  
18          and make tax information available as prescribed under KRS 131.190~~(3)~~~~(2)~~ to the  
19          Governor's Office for Economic Analysis as necessary for the office to perform the  
20          tax administration function established in KRS 42.410.

21          (5) Executive directors and division directors established under this section shall be  
22          appointed by the secretary with the approval of the Governor.

23          ➔Section 21. KRS 132.285 is amended to read as follows:

24          (1) (a) Except as provided in subsection (3) of this section, any city may by ordinance  
25          elect to use the annual county assessment for property situated within  
26          ~~the~~~~such~~ city as a basis of ad valorem tax levies ordered or approved by the  
27          legislative body of the city.

1       **(b)** Any city making ~~the~~<sup>[such]</sup> election *provided in paragraph (a) of this*  
 2       *subsection* shall notify the department~~[of Revenue]~~ and property valuation  
 3       administrator prior to the next succeeding assessment to be used for city  
 4       levies. In such event the assessment finally determined for county tax  
 5       purposes shall serve as a basis of all city levies for the fiscal year commencing  
 6       on or after the county assessment date.

7       **(c)** Each city which elects to use the county assessment shall annually appropriate  
 8       and pay each fiscal year to the office of the property valuation administrator  
 9       for deputy and other authorized personnel allowance, supplies, maps and  
 10      equipment, and other authorized expenses of the office one-half of one cent  
 11      (\$0.005) for each one hundred dollars (\$100) of assessment, *except*;  
 12      ~~provided,~~ that sums paid shall not be:

13      *1.* Less than two hundred fifty dollars (\$250); *or*~~[, nor]~~

14      *2.* More than:

15           *a.* Forty thousand dollars (\$40,000) in a city having an assessment  
 16           subject to city tax of less than two billion dollars  
 17           (\$2,000,000,000);~~[or]~~

18           *b.* Fifty thousand dollars (\$50,000) in a city having an assessment  
 19           subject to city tax of ~~[more than]~~two billion dollars  
 20           (\$2,000,000,000) *or more, but less than three billion dollars*  
 21           *(\$3,000,000,000); or*

22           *c.* *Sixty thousand dollars (\$60,000) in a city having an assessment*  
 23           *subject to city tax of three billion dollars (\$3,000,000,000) or*  
 24           *more.*

25      **(d)** This allowance shall be based on the assessment as of the previous January 1.

26      **(e)** Each property valuation administrator shall file a claim with the city for the  
 27      county assessment, which shall include the recapitulation submitted to the city



1 pursuant to KRS 133.040(2).

2 (f) The city shall order payment in an amount not to exceed the appropriation  
3 authorized by this section.

4 (g) The property valuation administrator shall be required to account for all  
5 moneys paid to his or her office by the city and any funds unexpended by the  
6 close of each fiscal year shall carry over to the next fiscal year.

7 (h) Notwithstanding any statutory provisions to the contrary, the assessment dates  
8 for ~~the~~<sub>[such]</sub> city shall conform to the corresponding dates for the county, and  
9 ~~the~~<sub>[such]</sub> city may by ordinance establish additional financial and tax  
10 procedures that will enable it effectively to adopt the county assessment.

11 (i) The legislative body of any city adopting the county assessment may fix the  
12 time for levying the city tax rate, due and delinquency dates for taxes, and any  
13 other dates that will enable it effectively to adopt the county assessment,  
14 notwithstanding any statutory provisions to the contrary.

15 (j) Any such city may, by ordinance, abolish any office connected with city  
16 assessment and equalization.

17 (k) Any city which elects to use the county assessment shall have access to the  
18 assessment records as soon as completed and may obtain a copy of that  
19 portion of the records which represents the assessment of property within  
20 ~~the~~<sub>[such]</sub> city by additional payment of the cost thereof.

21 (l) Once any city elects to use the county assessment, ~~that~~<sub>[such]</sub> action cannot be  
22 revoked without notice to the department~~[-of Revenue]~~ and the property  
23 valuation administrator six (6) months prior to the next date as of which  
24 property is assessed for state and county taxes.

25 (2) In the event any omitted property is assessed by the property valuation administrator  
26 as provided by KRS 132.310, ~~the~~<sub>[such]</sub> assessment shall be considered as part of  
27 the assessment adopted by the city according to subsection (1) of this section.

1 (3) For purposes of the levy and collection of ad valorem taxes on motor vehicles, cities  
2 shall use the assessment required to be made pursuant to KRS 132.487(5).

3 (4) Notwithstanding the provisions of subsection (1) of this section, each city which  
4 elects to use the county assessment for ad valorem taxes levied for 1996 or  
5 subsequent years, and which used the county assessment for ad valorem taxes levied  
6 for 1995, shall appropriate and pay to the office of the property valuation  
7 administrator for the purposes set out in subsection (1) of this section an amount  
8 equal to the amount paid to the office of the property valuation administrator in  
9 1995, or the amount required by the provisions of subsection (1) of this section,  
10 whichever is greater.

11 ➔Section 22. KRS 132.590 is amended to read as follows:

12 (1) The compensation of the property valuation administrator shall be based on the  
13 schedule contained in subsection (2) of this section as modified by subsection (3) of  
14 this section. The compensation of the property valuation administrator shall be  
15 calculated by the Department of Revenue annually. Should a property valuation  
16 administrator for any reason vacate the office in any year during his term of office,  
17 he shall be paid only for the calendar days actually served during the year.

18 (2) The salary schedule for property valuation administrators provides for nine (9)  
19 levels of salary based upon the population of the county in the prior year as  
20 determined by the United States Department of Commerce, Bureau of the Census  
21 annual estimates. To implement the salary schedule, the department shall, by  
22 November 1 of each year, certify for each county the population group applicable to  
23 each county based on the most recent estimates of the United States Department of  
24 Commerce, Bureau of the Census. The salary schedule provides four (4) steps for  
25 yearly increments within each population group. Property valuation administrators  
26 shall be paid according to the first step within their population group for the first  
27 year or portion thereof they serve in office. Thereafter, each property valuation

1 administrator, on January 1 of each subsequent year, shall be advanced  
 2 automatically to the next step in the salary schedule until the maximum salary figure  
 3 for the population group is reached. If the county population as certified by the  
 4 department increases to a new group level, the property valuation administrator's  
 5 salary shall be computed from the new group level at the beginning of the next year.  
 6 A change in group level shall have no affect on the annual change in step. Prior to  
 7 assuming office, any person who has previously served as a property valuation  
 8 administrator must certify to the Department of Revenue the total number of years,  
 9 not to exceed four (4) years, that the person has previously served in the office. The  
 10 department shall place the person in the proper step based upon a formula of one (1)  
 11 incremental step per full calendar year of service:

SALARY SCHEDULE

County Population	Steps and Salary			
by Group	for Property Valuation Administrators			
Group I	Step 1	Step 2	Step 3	Step 4
0-4,999	\$45,387	\$46,762	\$48,137	\$49,513
Group II	49,513	50,888	52,263	53,639
5,000-9,999	53,639	55,014	56,389	57,765
Group III	55,702	57,765	59,828	61,891
10,000-19,999	59,828	61,891	63,954	66,017
Group IV	61,891	64,641	67,392	70,143
20,000-29,999	61,891	64,641	67,392	70,143
Group V	61,891	64,641	67,392	70,143
30,000-44,999	61,891	64,641	67,392	70,143
Group VI	61,891	64,641	67,392	70,143
45,000-59,999	61,891	64,641	67,392	70,143
Group VII	61,891	64,641	67,392	70,143

1	60,000-89,999	66,017	68,768	71,518	74,269
2	Group VIII				
3	90,000-499,999	68,080	71,518	74,957	78,395
4	Group IX				
5	500,000 and up	72,206	75,644	79,083	82,521

6 (3) (a) For calendar year 2000, the salary schedule in subsection (2) of this section  
7 shall be increased by the amount of increase in the annual consumer price  
8 index as published by the United States Department of Commerce for the year  
9 ended December 31, 1999. This salary adjustment shall take effect on July 14,  
10 2000, and shall not be retroactive to the preceding January 1.

11 (b) For each calendar year beginning after December 31, 2000, upon publication  
12 of the annual consumer price index by the United States Department of  
13 Commerce, the annual rate of salary for the property valuation administrator  
14 shall be determined by applying the increase in the consumer price index to  
15 the salary in effect for the previous year. This salary determination shall be  
16 retroactive to the preceding January 1.

17 (c) In addition to the step increases based on service in office, each property  
18 valuation administrator shall be paid an annual incentive of six hundred  
19 eighty-seven dollars and sixty-seven cents (\$687.67) per calendar year for  
20 each forty (40) hour training unit successfully completed based on continuing  
21 service in that office and, except as provided in this subsection, completion of  
22 at least forty (40) hours of approved training in each subsequent calendar year.  
23 If a property valuation administrator fails without good cause, as determined  
24 by the commissioner of the Kentucky Department of Revenue, to obtain the  
25 minimum amount of approved training in any year, the officer shall lose all  
26 training incentives previously accumulated. No property valuation  
27 administrator shall receive more than one (1) training unit per calendar year

1 nor more than four (4) incentive payments per calendar year. Each property  
2 valuation administrator shall be allowed to carry forward up to forty (40)  
3 hours of training credit into the following calendar year for the purpose of  
4 satisfying the minimum amount of training for that year. This amount shall be  
5 increased by the consumer price index adjustments prescribed in paragraphs  
6 (a) and (b) of this subsection. Each training unit shall be approved and  
7 certified by the Kentucky Department of Revenue. Each unit shall be available  
8 to property valuation administrators in each office based on continuing service  
9 in that office. The Kentucky Department of Revenue shall promulgate  
10 administrative regulations in accordance with KRS Chapter 13A to establish  
11 guidelines for the approval and certification of training units.

12 (4) Notwithstanding any provision contained in this section, no property valuation  
13 administrator holding office on July 14, 2000, shall receive any reduction in salary  
14 or reduction in adjustment to salary otherwise allowable by the statutes in force on  
15 July 14, 2000.

16 (5) Deputy property valuation administrators and other authorized personnel may be  
17 advanced one (1) step in grade upon completion of twelve (12) months' continuous  
18 service. The Department of Revenue may make grade classification changes  
19 corresponding to any approved for department employees in comparable positions,  
20 so long as the changes do not violate the integrity of the classification system.  
21 Subject to availability of funds, the department may extend cost-of-living increases  
22 approved for department employees to deputy property valuation administrators and  
23 other authorized personnel, by advancement in grade.

24 (6) Beginning with the 1990-1992 biennium, the Department of Revenue shall prepare  
25 a biennial budget request for the staffing of property valuation administrators'  
26 offices. An equitable allocation of employee positions to each property valuation  
27 administrator's office in the state shall be made on the basis of comparative

1 assessment work units. Assessment work units shall be determined from the most  
2 current objective information available from the United States Bureau of the Census  
3 and other similar sources of unbiased information. Beginning with the 1996-1998  
4 biennium, assessment work units shall be based on parcel count per employee. The  
5 total sum allowed by the state to any property valuation administrator's office as  
6 compensation for deputies, other authorized personnel, and for other authorized  
7 expenditures shall not exceed the amount fixed by the Department of Revenue.  
8 However, each property valuation administrator's office shall be allowed as a  
9 minimum such funds that are required to meet the federal minimum wage  
10 requirements for two (2) full-time deputies.

11 (7) Beginning with the 1990-1992 biennium each property valuation administrator shall  
12 submit by June 1 of each year for the following fiscal year to the Department of  
13 Revenue a budget request for his office which shall be based upon the number of  
14 employee positions allocated to his office under subsection (6) of this section and  
15 upon the county and city funds available to his office and show the amount to be  
16 expended for deputy and other authorized personnel including employer's share of  
17 FICA and state retirement, and other authorized expenses of the office. The  
18 Department of Revenue shall return to each property valuation administrator, no  
19 later than July 1, an approved budget for the fiscal year.

20 (8) Each property valuation administrator may appoint any persons approved by the  
21 Department of Revenue to assist him in the discharge of his duties. Each deputy  
22 shall be more than twenty-one (21) years of age and may be removed at the pleasure  
23 of the property valuation administrator. The salaries of deputies and other  
24 authorized personnel shall be fixed by the property valuation administrator in  
25 accordance with the grade classification system established by the Department of  
26 Revenue and shall be subject to the approval of the Department of Revenue. The  
27 Personnel Cabinet shall provide advice and technical assistance to the Department

1 of Revenue in the revision and updating of the personnel classification system,  
 2 which shall be equitable in all respects to the personnel classification systems  
 3 maintained for other state employees. Any deputy property valuation administrator  
 4 employed or promoted to a higher position may be examined by the Department of  
 5 Revenue in accordance with standards of the Personnel Cabinet, for the position to  
 6 which he is being appointed or promoted. No state funds available to any property  
 7 valuation administrator's office as compensation for deputies and other authorized  
 8 personnel or for other authorized expenditures shall be paid without authorization of  
 9 the Department of Revenue prior to the employment by the property valuation  
 10 administrator of deputies or other authorized personnel or the incurring of other  
 11 authorized expenditures.

12 (9) Each county fiscal court shall annually appropriate and pay each fiscal year to the  
 13 office of the property valuation administrator as its cost for use of the assessment, as  
 14 required by KRS 132.280, an amount determined as follows:

Assessment Subject to			
County Tax of:			
At Least	But Less Than	Amount	
----	\$100,000,000	\$0.005 for each \$100 of the first \$50,000,000 and \$0.002 for each \$100 over \$50,000,000.	
\$100,000,000	150,000,000	\$0.004 for each \$100 of the first \$100,000,000 and \$0.002 for each \$100 over \$100,000,000.	
150,000,000	300,000,000	\$0.004 for each \$100 of the first \$150,000,000 and \$0.003 for each \$100 over \$150,000,000.	
300,000,000	----	\$0.004 for each \$100.	

1 (10) The total sum to be paid by the fiscal court to any property valuation administrator's  
 2 office under the provisions of subsection (9) of this section shall not exceed the  
 3 limits set forth in the following table:

Assessed Value of Property Subject to			
County Tax of:			
At Least	But Less Than	Limit	
----	\$700,000,000	\$25,000	
\$700,000,000	1,000,000,000	35,000	
1,000,000,000	2,000,000,000	50,000	
2,000,000,000	2,500,000,000	75,000	
2,500,000,000	5,000,000,000	100,000	
5,000,000,000	[—]	<u>7,500,000,000</u>	
175,000			
<u>7,500,000,000</u>	-----		<u>250,000</u>

15 This allowance shall be based on the assessment as of the previous January 1 and  
 16 shall be used for deputy and other personnel allowance, supplies, maps and  
 17 equipment, travel allowance for the property valuation administrator and his  
 18 deputies and other authorized personnel, and other authorized expenses of the  
 19 office.

20 (11) Annually, after appropriation by the county of funds required of it by subsection (9)  
 21 of this section, and no later than August 1, the property valuation administrator shall  
 22 file a claim with the county for that amount of the appropriation specified in his  
 23 approved budget for compensation of deputies and assistants, including employer's  
 24 shares of FICA and state retirement, for the fiscal year. The amount so requested  
 25 shall be paid by the county into the State Treasury by September 1, or paid to the  
 26 property valuation administrator and be submitted to the State Treasury by  
 27 September 1. These funds shall be expended by the Department of Revenue only for



1 compensation of approved deputies and assistants and the employer's share of FICA  
2 and state retirement in the appropriating county. Any funds paid into the State  
3 Treasury in accordance with this provision but unexpended by the close of the fiscal  
4 year for which they were appropriated shall be returned to the county from which  
5 they were received.

6 (12) After submission to the State Treasury or to the property valuation administrator of  
7 the county funds budgeted for personnel compensation under subsection (11) of this  
8 section, the fiscal court shall pay the remainder of the county appropriation to the  
9 office of the property valuation administrator on a quarterly basis. Four (4) equal  
10 payments shall be made on or before September 1, December 1, March 1, and June  
11 1 respectively. Any unexpended county funds at the close of each fiscal year shall  
12 be retained by the property valuation administrator, except as provided in KRS  
13 132.601(2). During county election years the property valuation administrator shall  
14 not expend in excess of forty percent (40%) of the allowances available to his office  
15 from county funds during the first five (5) months of the fiscal year in which the  
16 general election is held.

17 (13) The provisions of this section shall apply to urban-county governments and  
18 consolidated local governments. In an urban-county government and a consolidated  
19 local government, all the rights and obligations conferred on fiscal courts or  
20 consolidated local governments by the provisions of this section shall be exercised  
21 by the urban-county government or consolidated local government.

22 (14) When an urban-county form of government is established through merger of  
23 existing city and county governments as provided in KRS Chapter 67A or when a  
24 consolidated local government is established through merger of existing city and  
25 county governments as provided by KRS Chapter 67C, the annual county  
26 assessment shall be presumed to have been adopted as if the city had exercised the  
27 option to adopt as provided in KRS 132.285, and the annual amount to be

1 appropriated to the property valuation administrator's office shall be the combined  
 2 amount that is required of the county under this section and that required of the city  
 3 under KRS 132.285, except that the total shall not exceed one hundred thousand  
 4 dollars (\$100,000) for any urban-county government or consolidated local  
 5 government with an assessment subject to countywide tax of less than ~~five~~  
 6 billion dollars ~~(\$5,000,000,000)~~~~(\$3,000,000,000)~~, one hundred ~~seventy-~~  
 7 ~~five~~~~twenty five~~ thousand dollars ~~(\$175,000)~~~~(\$125,000)~~ for an urban-county  
 8 government or consolidated local government with an assessment subject to  
 9 countywide tax between ~~five~~~~three~~ billion dollars  
 10 ~~(\$5,000,000,000)~~~~(\$3,000,000,000)~~ and ~~seven~~~~five~~ billion ~~five hundred million~~  
 11 dollars ~~(\$7,500,000,000)~~~~(\$5,000,000,000)~~, and two hundred ~~fifty~~  
 12 ~~(\$250,000)~~~~(\$200,000)~~ thousand dollars for an urban-county government or consolidated local  
 13 government with an assessment subject to countywide tax in excess of ~~seven~~~~five~~  
 14 billion ~~five hundred million~~ dollars ~~(\$7,500,000,000)~~~~(\$5,000,000,000)~~. For  
 15 purposes of this subsection, the amount to be considered as the assessment for  
 16 purposes of KRS 132.285 shall be the amount subject to taxation for full urban  
 17 services.

18 (15) Notwithstanding the provisions of subsection (9) of this section, the amount  
 19 appropriated and paid by each county fiscal court to the office of the property  
 20 valuation administrator for 1996 and subsequent years shall be equal to the amount  
 21 paid to the office of the property valuation administrator for 1995, or the amount  
 22 required by the provisions of subsections (9) and (10) of this section, whichever is  
 23 greater.

24 ➔Section 23. KRS 210.504 is amended to read as follows:

25 (1) The commission created in KRS 210.502 shall meet as often as necessary to  
 26 accomplish its purpose but shall meet at least quarterly or upon the call of either co-  
 27 chair, the request of four (4) or more members, or the request of the Governor.

- 1 (2) The commission shall receive, integrate, and report the findings and  
2 recommendations of the regional planning councils established under KRS 210.506.  
3 The regional planning councils shall provide additional information or study  
4 particular issues upon request of the commission.
- 5 (3) The commission:
- 6 (a) May establish work groups to develop statewide recommendations from  
7 information and recommendations received from the regional planning  
8 councils;
- 9 (b) May establish work groups to address issues referred to the commission; and
- 10 (c) Shall ensure that the regional planning councils have an opportunity to  
11 receive, review, and comment on any recommendation or product issued by a  
12 work group established under this subsection before the commission takes any  
13 formal action on a recommendation or product of a work group.
- 14 (4) The commission shall serve in an advisory capacity to accomplish the following:
- 15 (a) Based on information provided under subsection (2) of this section:
- 16 1. Assess the needs statewide of individuals with mental illness, alcohol  
17 and other drug abuse disorders, and dual diagnoses;
- 18 2. Assess the capabilities of the existing statewide treatment delivery  
19 system including gaps in services and the adequacy of a safety net  
20 system; and
- 21 3. Assess the coordination and collaboration of efforts between public and  
22 private facilities and entities, including but not limited to the Council on  
23 Postsecondary Education when assessing workforce issues, and the roles  
24 of the Department for Behavioral Health, Developmental and  
25 Intellectual Disabilities and the regional community mental health  
26 centers, state hospitals, and other providers;
- 27 (b) Identify funding needs and related fiscal impact, including Medicaid

- 1 reimbursement, limitations under government programs and private insurance,  
2 and adequacy of indigent care;
- 3 (c) Recommend comprehensive and integrated programs for providing mental  
4 health and substance abuse services and preventive education to children and  
5 youth, utilizing schools and community resources;
- 6 (d) Develop recommendations to decrease the incidence of repeated arrests,  
7 incarceration, and multiple hospitalizations of individuals with mental illness,  
8 alcohol and other drug abuse disorders, and dual diagnoses;~~and~~
- 9 (e) Recommend an effective quality assurance and consumer satisfaction  
10 monitoring program that includes recommendations as to the appropriate role  
11 of persons with mental illness, alcohol and other drug abuse disorders, and  
12 dual diagnoses, family members, providers, and advocates in quality assurance  
13 efforts; and
- 14 **(f) Recommend improvements in identifying, treating, housing, and**  
15 **transporting prisoners in jails and juveniles with mental illness who reside**  
16 **in detention centers. Items to be reviewed include but are not limited to:**
- 17 **1. Recommendations for statutory and regulatory changes;**  
18 **2. Training and treatment funding;**  
19 **3. Cost-sharing proposals;**  
20 **4. Housing and transportation costs;**  
21 **5. Appropriate treatment sites; and**  
22 **6. Training requirements for local jailers and other officers of the court**  
23 **who may come in contact with persons deemed mentally ill and who**  
24 **are incarcerated or in detention.**
- 25 (5) The commission shall develop a comprehensive state plan that provides a template  
26 for decision-making regarding program development, funding, and the use of state  
27 resources for delivery of the most effective continuum of services in integrated

1 statewide settings appropriate to the needs of the individual with mental illness,  
2 alcohol and other drug abuse disorders, and dual diagnoses. The state plan shall also  
3 include strategies for increasing public awareness and reducing the stigma  
4 associated with mental illness and substance abuse disorders.

5 (6) The state plan shall advise the Governor and the General Assembly concerning the  
6 needs statewide of individuals with mental illness, alcohol and other drug disorders,  
7 and dual diagnoses and whether the recommendations should be implemented by  
8 administrative regulations or proposed legislation for the General Assembly.

9 (7) The commission shall develop a two (2) year work plan, beginning in 2003, that  
10 specifies goals and strategies relating to services and supports for individuals with  
11 mental illness and alcohol and other drug disorders and dual diagnoses and efforts  
12 to reduce the stigma associated with mental illness and substance abuse disorders.

13 (8) The commission shall review the plan and shall submit annual updates no later than  
14 October 1 to the Governor and the Legislative Research Commission.

15 ➔Section 24. KRS 210.400 is amended to read as follows:

16 Subject to the provisions of this section and the policies and regulations of the secretary  
17 of the Cabinet for Health and Family Services, each community board for mental health  
18 or individuals with an intellectual disability shall:

19 (1) Review and evaluate services for mental health or individuals with an intellectual  
20 disability provided pursuant to KRS 210.370 to 210.460, and report thereon to the  
21 secretary of the Cabinet for Health and Family Services, the administrator of the  
22 program, and, when indicated, the public, together with recommendations for  
23 additional services and facilities;

24 (2) Recruit and promote local financial support for the program from private sources  
25 such as community chests, business, industrial and private foundations, voluntary  
26 agencies, and other lawful sources, and promote public support for municipal and  
27 county appropriations;

- 1 (3) Promote, arrange, and implement working agreements with other social service  
 2 agencies, both public and private, and with other educational and judicial agencies;
- 3 (4) Adopt and implement policies to stimulate effective community relations;
- 4 (5) Be responsible for the development and approval of an annual plan and budget;
- 5 (6) Act as the administrative authority of the community program for mental health or  
 6 individuals with an intellectual disability;
- 7 (7) Oversee and be responsible for the management of the community program for  
 8 mental health or individuals with an intellectual disability in accordance with the  
 9 plan and budget adopted by the board and the policies and regulations issued under  
 10 KRS 210.370 to 210.480 by the secretary of the Cabinet for Health and Family  
 11 Services;~~and~~
- 12 (8) Comply with the provisions of KRS 65A.010 to 65A.090; and
- 13 **(9) Deliver the training recommended by Section 23 of this Act to local jailers and**  
 14 **other officers of the court who may come in contact with persons deemed**  
 15 **mentally ill and who are incarcerated or in detention.**

16 ➔Section 25. KRS 164.013 is amended to read as follows:

- 17 (1) The Council on Postsecondary Education shall set the qualifications for the position  
 18 of president of the council. Except for the first president appointed under subsection  
 19 (2) of this section, the council shall employ a search firm and conduct a nationwide  
 20 search for candidates. The search firm employed by the council shall consider,  
 21 interview, and propose three (3) or more candidates for the position of president.  
 22 The council may seek additional names from the search firm or from other sources.
- 23 (2) In the selection of candidates for the first president of the Council on Postsecondary  
 24 Education, the Strategic Committee on Postsecondary Education shall serve as a  
 25 search committee, employing a search firm for assistance. The committee shall  
 26 recommend three (3) candidates to be considered by the council and shall repeat this  
 27 process until it finds a satisfactory person to appoint as the first president of the

1 council.

2 (3) The president shall possess an excellent academic and administrative background,  
3 have strong communication skills, have significant experience and an established  
4 reputation as a professional in the field of postsecondary education, and shall not  
5 express, demonstrate, or appear to have an institutional or regional bias in his or her  
6 actions.

7 (4) The president shall be the primary advocate for postsecondary education and  
8 advisor to the Governor and the General Assembly on matters of postsecondary  
9 education in Kentucky. As the primary advocate for postsecondary education, the  
10 president shall work closely with the committee and the elected leadership of the  
11 Commonwealth to ensure that they are fully informed about postsecondary  
12 education issues and that the council fully understands the goals for postsecondary  
13 education that the General Assembly has established in KRS 164.003(2).

14 (5) The president may design and develop for review by the council new statewide  
15 initiatives in accordance with the strategic agenda.

16 (6) (a) ~~[The president shall be compensated on a basis in excess of the base salary of~~  
17 ~~any president of a Kentucky public university.]~~The council shall set the salary  
18 of the president **at an amount no greater than the salary the president was**  
19 **receiving on January 1, 2012.**

20 (b) The salary of the president~~[, which]~~ shall be exempt from state employee  
21 salary limitations as set forth in KRS 64.640.

22 (7) The president shall be accorded a contract to serve for a term not to exceed five (5)  
23 years, which is renewable at the pleasure of the council.

24 (8) The president shall determine the staffing positions and organizational structure  
25 necessary to carry out the responsibilities of the council and may employ staff. All  
26 personnel positions of the Council on Higher Education, as of May 30, 1997, with  
27 the exception of the position of executive director, shall be transferred to the

1 Council on Postsecondary Education. All personnel shall be transferred at the same  
2 salary and benefit levels. Notwithstanding the provisions of KRS 11A.040, any  
3 person employed by the Council on Higher Education prior to May 30, 1997, may  
4 accept immediate employment with any governmental entity or any postsecondary  
5 education organization or institution in the Commonwealth and may carry out the  
6 employment duties assigned by that entity, organization, or institution.

7 (9) The president shall be responsible for the day-to-day operations of the council and  
8 shall report and submit annual reports on the strategic implementation plan of the  
9 strategic agenda, carry out policy and program directives of the council, prepare and  
10 submit to the council for its approval the proposed budget of the council, and  
11 perform all other duties and responsibilities assigned by state law.

12 (10) With approval of the council, the president may enter into agreements with any state  
13 agency or political subdivision of the state, any state postsecondary education  
14 institution, or any other person or entity to enlist staff assistance to implement the  
15 duties and responsibilities under KRS 164.020.

16 (11) The president shall be reimbursed for all actual and necessary expenses incurred in  
17 the performance of all assigned duties and responsibilities.

18 ➔Section 26. KRS 164.020 is amended to read as follows:

19 The Council on Postsecondary Education in Kentucky shall:

20 (1) Develop and implement the strategic agenda with the advice and counsel of the  
21 Strategic Committee on Postsecondary Education. The council shall provide for and  
22 direct the planning process and subsequent strategic implementation plans based on  
23 the strategic agenda as provided in KRS 164.0203;

24 (2) Revise the strategic agenda and strategic implementation plan with the advice and  
25 counsel of the committee as set forth in KRS 164.004;

26 (3) Develop a system of public accountability related to the strategic agenda by  
27 evaluating the performance and effectiveness of the state's postsecondary system.



- 1 The council shall prepare a report in conjunction with the accountability reporting  
2 described in KRS 164.095, which shall be submitted to the committee, the  
3 Governor, and the General Assembly by December 1 annually. This report shall  
4 include a description of contributions by postsecondary institutions to the quality of  
5 elementary and secondary education in the Commonwealth;
- 6 (4) Review, revise, and approve the missions of the state's universities and the  
7 Kentucky Community and Technical College System. The Council on  
8 Postsecondary Education shall have the final authority to determine the compliance  
9 of postsecondary institutions with their academic, service, and research missions;
- 10 (5) Establish and ensure that all postsecondary institutions in Kentucky cooperatively  
11 provide for an integrated system of postsecondary education. The council shall  
12 guard against inappropriate and unnecessary conflict and duplication by promoting  
13 transferability of credits and easy access of information among institutions;
- 14 (6) Engage in analyses and research to determine the overall needs of postsecondary  
15 education and adult education in the Commonwealth;
- 16 (7) Develop plans that may be required by federal legislation. The council shall for all  
17 purposes of federal legislation relating to planning be considered the "single state  
18 agency" as that term may be used in federal legislation. When federal legislation  
19 requires additional representation on any "single state agency," the Council on  
20 Postsecondary Education shall establish advisory groups necessary to satisfy federal  
21 legislative or regulatory guidelines;
- 22 (8) Determine tuition and approve the minimum qualifications for admission to the  
23 state postsecondary educational system. In defining residency, the council shall  
24 classify a student as having Kentucky residency if the student met the residency  
25 requirements at the beginning of his or her last year in high school and enters a  
26 Kentucky postsecondary education institution within two (2) years of high school  
27 graduation. In determining the tuition for non-Kentucky residents, the council shall

1 consider the fees required of Kentucky students by institutions in adjoining states,  
2 the resident fees charged by other states, the total actual per student cost of training  
3 in the institutions for which the fees are being determined, and the ratios of  
4 Kentucky students to non-Kentucky students comprising the enrollments of the  
5 respective institutions, and other factors the council may in its sole discretion deem  
6 pertinent, except the Kentucky Community and Technical College System may  
7 assess a mandatory student fee not to exceed eight dollars (\$8) per credit hour to  
8 be used exclusively for debt service on amounts not to exceed seventy-five percent  
9 (75%) of the total projects cost of the Kentucky Community and Technical  
10 College System agency bond projects included in 2014 Ky. Acts ch. 117, Part II,  
11 J., 11.

12 (a) The Kentucky Community and Technical College System mandatory fee  
13 established in this subsection shall only be used for debt service on agency  
14 bond projects.

15 (b) Any fee established as provided by this subsection shall cease to be assessed  
16 upon the retirement of the project bonds for which it services debt.

17 (c) Prior to the issuance of any bonds, the Kentucky Community and Technical  
18 College System shall certify in writing to the secretary of the Finance and  
19 Administration Cabinet that sufficient funds have been raised to meet the  
20 local match equivalent to twenty-five percent (25%) of the total project cost;

21 (9) Devise, establish, and periodically review and revise policies to be used in making  
22 recommendations to the Governor for consideration in developing  
23 recommendations to the General Assembly for appropriations to the universities,  
24 the Kentucky Community and Technical College System, and to support strategies  
25 for persons to maintain necessary levels of literacy throughout their lifetimes  
26 including but not limited to appropriations to the Kentucky Adult Education  
27 Program. The council has sole discretion, with advice of the Strategic Committee on

- 1 Postsecondary Education and the executive officers of the postsecondary education  
2 system, to devise policies that provide for allocation of funds among the universities  
3 and the Kentucky Community and Technical College System;
- 4 (10) Lead and provide staff support for the biennial budget process as provided under  
5 KRS Chapter 48, in cooperation with the committee;
- 6 (11) (a) Except as provided in paragraph (b) of this subsection, review and approve all  
7 capital construction projects covered by KRS 45.750(1)(f), including real  
8 property acquisitions, and regardless of the source of funding for projects or  
9 acquisitions. Approval of capital projects and real property acquisitions shall  
10 be on a basis consistent with the strategic agenda and the mission of the  
11 respective universities and the Kentucky Community and Technical College  
12 System.
- 13 (b) The organized groups that are establishing community college satellites as  
14 branches of existing community colleges in the counties of Laurel, Leslie, and  
15 Muhlenberg, and that have substantially obtained cash, pledges, real property,  
16 or other commitments to build the satellite at no cost to the Commonwealth,  
17 other than operating costs that shall be paid as part of the operating budget of  
18 the main community college of which the satellite is a branch, are authorized  
19 to begin construction of the satellite on or after January 1, 1998;
- 20 (12) Require reports from the executive officer of each institution it deems necessary for  
21 the effectual performance of its duties;
- 22 (13) Ensure that the state postsecondary system does not unnecessarily duplicate services  
23 and programs provided by private postsecondary institutions and shall promote  
24 maximum cooperation between the state postsecondary system and private  
25 postsecondary institutions. Receive and consider an annual report prepared by the  
26 Association of Independent Kentucky Colleges and Universities stating the  
27 condition of independent institutions, listing opportunities for more collaboration

- 1 between the state and independent institutions and other information as appropriate;
- 2 (14) Establish course credit, transfer, and degree components as required in KRS  
3 164.2951;
- 4 (15) Define and approve the offering of all postsecondary education technical, associate,  
5 baccalaureate, graduate, and professional degree, certificate, or diploma programs in  
6 the public postsecondary education institutions. The council shall expedite wherever  
7 possible the approval of requests from the Kentucky Community and Technical  
8 College System board of regents relating to new certificate, diploma, technical, or  
9 associate degree programs of a vocational-technical and occupational nature.  
10 Without the consent of the General Assembly, the council shall not abolish or limit  
11 the total enrollment of the general program offered at any community college to  
12 meet the goal of reasonable access throughout the Commonwealth to a two (2) year  
13 course of general studies designed for transfer to a baccalaureate program. This  
14 does not restrict or limit the authority of the council, as set forth in this section, to  
15 eliminate or make changes in individual programs within that general program;
- 16 (16) Eliminate, in its discretion, existing programs or make any changes in existing  
17 academic programs at the state's postsecondary educational institutions, taking into  
18 consideration these criteria:
- 19 (a) Consistency with the institution's mission and the strategic agenda;
- 20 (b) Alignment with the priorities in the strategic implementation plan for  
21 achieving the strategic agenda;
- 22 (c) Elimination of unnecessary duplication of programs within and among  
23 institutions; and
- 24 (d) Efforts to create cooperative programs with other institutions through  
25 traditional means, or by use of distance learning technology and electronic  
26 resources, to achieve effective and efficient program delivery;
- 27 (17) Ensure the governing board and faculty of all postsecondary education institutions

- 1 are committed to providing instruction free of discrimination against students who  
2 hold political views and opinions contrary to those of the governing board and  
3 faculty;
- 4 (18) Review proposals and make recommendations to the Governor regarding the  
5 establishment of new public community colleges, technical institutions, and new  
6 four (4) year colleges;
- 7 (19) Postpone the approval of any new program at a state postsecondary educational  
8 institution, unless the institution has met its equal educational opportunity goals, as  
9 established by the council. In accordance with administrative regulations  
10 promulgated by the council, those institutions not meeting the goals shall be able to  
11 obtain a temporary waiver, if the institution has made substantial progress toward  
12 meeting its equal educational opportunity goals;
- 13 (20) Ensure the coordination, transferability, and connectivity of technology among  
14 postsecondary institutions in the Commonwealth including the development and  
15 implementation of a technology plan as a component of the strategic agenda;
- 16 (21) Approve the teacher education programs in the public institutions that comply with  
17 standards established by the Education Professional Standards Board pursuant to  
18 KRS 161.028;
- 19 (22) Constitute the representative agency of the Commonwealth in all matters of  
20 postsecondary education of a general and statewide nature which are not otherwise  
21 delegated to one (1) or more institutions of postsecondary learning. The  
22 responsibility may be exercised through appropriate contractual relationships with  
23 individuals or agencies located within or without the Commonwealth. The authority  
24 includes but is not limited to contractual arrangements for programs of research,  
25 specialized training, and cultural enrichment;
- 26 (23) Maintain procedures for the approval of a designated receiver to provide for the  
27 maintenance of student records of the public institutions of higher education and the

1 colleges as defined in KRS 164.945, and institutions operating pursuant to KRS  
2 165A.310 which offer collegiate level courses for academic credit, which cease to  
3 operate. Procedures shall include assurances that, upon proper request, subject to  
4 federal and state laws and regulations, copies of student records shall be made  
5 available within a reasonable length of time for a minimum fee;

6 (24) Monitor and transmit a report on compliance with KRS 164.351 to the director of  
7 the Legislative Research Commission for distribution to the Health and Welfare  
8 Committee;

9 (25) (a) Develop in cooperation with each public university and the Kentucky  
10 Community and Technical College System a comprehensive orientation and  
11 education program for new members of the council and the governing boards  
12 and continuing education opportunities for all council and board members.  
13 For new members of the council and institutional governing boards, the  
14 council shall:

15 1. Ensure that the orientation and education program comprises six (6)  
16 hours of instruction time and includes but is not limited to information  
17 concerning the roles of the council and governing board members, the  
18 strategic agenda and the strategic implementation plan, and the  
19 respective institution's mission, budget and finances, strategic plans and  
20 priorities, institutional policies and procedures, board fiduciary  
21 responsibilities, legal considerations including open records and open  
22 meetings requirements, ethical considerations arising from board  
23 membership, and the board member removal and replacement provisions  
24 of KRS 63.080;

25 2. Establish delivery methods by which the orientation and education  
26 program can be completed in person or electronically by new members  
27 within one (1) year of their appointment or election;

- 1           3. Provide an annual report to the Governor and Legislative Research  
2           Commission of those new board members who do not complete the  
3           required orientation and education program; and
- 4           4. Invite governing board members of private colleges and universities  
5           licensed by the Council on Postsecondary Education to participate in the  
6           orientation and education program described in this subsection;
- 7           (b) Offer, in cooperation with the public universities and the Kentucky  
8           Community and Technical College System, continuing education  
9           opportunities for all council and governing board members; and
- 10          (c) Review and approve the orientation programs of each public university and  
11          the Kentucky Community and Technical College System for their governing  
12          board members to ensure that all programs and information adhere to this  
13          subsection;
- 14          (26) Develop a financial reporting procedure to be used by all state postsecondary  
15          education institutions to ensure uniformity of financial information available to state  
16          agencies and the public;
- 17          (27) Select and appoint a president of the council under KRS 164.013;
- 18          (28) Employ consultants and other persons and employees as may be required for the  
19          council's operations, functions, and responsibilities;
- 20          (29) Promulgate administrative regulations, in accordance with KRS Chapter 13A,  
21          governing its powers, duties, and responsibilities as described in this section;
- 22          (30) Prepare and present by January 31 of each year an annual status report on  
23          postsecondary education in the Commonwealth to the Governor, the Strategic  
24          Committee on Postsecondary Education, and the Legislative Research Commission;
- 25          (31) Consider the role, function, and capacity of independent institutions of  
26          postsecondary education in developing policies to meet the immediate and future  
27          needs of the state. When it is found that independent institutions can meet state

- 1 needs effectively, state resources may be used to contract with or otherwise assist  
2 independent institutions in meeting these needs;
- 3 (32) Create advisory groups representing the presidents, faculty, nonteaching staff, and  
4 students of the public postsecondary education system and the independent colleges  
5 and universities;
- 6 (33) Develop a statewide policy to promote employee and faculty development in all  
7 postsecondary institutions and in state and locally operated secondary area  
8 technology centers through the waiver of tuition for college credit coursework in the  
9 public postsecondary education system. Any regular full-time employee of a  
10 postsecondary public institution or a state or locally operated secondary area  
11 technology center may, with prior administrative approval of the course offering  
12 institution, take a maximum of six (6) credit hours per term at any public  
13 postsecondary institution. The institution shall waive the tuition up to a maximum  
14 of six (6) credit hours per term;
- 15 (34) Establish a statewide mission for adult education and develop a twenty (20) year  
16 strategy, in partnership with the Kentucky Adult Education Program, under the  
17 provisions of KRS 164.0203 for raising the knowledge and skills of the state's adult  
18 population. The council shall:
- 19 (a) Promote coordination of programs and responsibilities linked to the issue of  
20 adult education with the Kentucky Adult Education Program and with other  
21 agencies and institutions;
- 22 (b) Facilitate the development of strategies to increase the knowledge and skills  
23 of adults in all counties by promoting the efficient and effective coordination  
24 of all available education and training resources;
- 25 (c) Lead a statewide public information and marketing campaign to convey the  
26 critical nature of Kentucky's adult literacy challenge and to reach adults and  
27 employers with practical information about available education and training



- 1 opportunities;
- 2 (d) Establish standards for adult literacy and monitor progress in achieving the  
3 state's adult literacy goals, including existing standards that may have been  
4 developed to meet requirements of federal law in conjunction with the  
5 Collaborative Center for Literacy Development: Early Childhood through  
6 Adulthood; and
- 7 (e) Administer the adult education and literacy initiative fund created under KRS  
8 164.041;
- 9 (35) Participate with the Kentucky Department of Education, the Kentucky Board of  
10 Education, and postsecondary education institutions to ensure that academic content  
11 requirements for successful entry into postsecondary education programs are  
12 aligned with high school content standards and that students who master the high  
13 school academic content standards shall not need remedial courses. The council  
14 shall monitor the results on an ongoing basis;
- 15 (36) Cooperate with the Kentucky Department of Education and the Education  
16 Professional Standards Board in providing information sessions to selected  
17 postsecondary education content faculty and teacher educators of the high school  
18 academic content standards as required under KRS 158.6453(2)(1);
- 19 (37) Cooperate with the Office for Education and Workforce Statistics and ensure the  
20 participation of the public institutions as required in KRS 151B.133;
- 21 (38) Pursuant to KRS 63.080, review written notices from the Governor or from a board  
22 of trustees or board of regents concerning removal of a board member or the entire  
23 appointed membership of a board, investigate the member or board and the conduct  
24 alleged to support removal, and make written recommendations to the Governor and  
25 the Legislative Research Commission as to whether the member or board should be  
26 removed; and
- 27 (39) Exercise any other powers, duties, and responsibilities necessary to carry out the

1 purposes of this chapter. Nothing in this chapter shall be construed to grant the  
2 Council on Postsecondary Education authority to disestablish or eliminate any  
3 college of law which became a part of the state system of higher education through  
4 merger with a state college.

5 ➔Section 27. KRS 164.5805 is amended to read as follows:

6 (1) Effective July 1, 1998, the Kentucky Community and Technical College System  
7 shall be the legal successor to the postsecondary Kentucky Tech institutions and  
8 corresponding administrative units in the former Cabinet for Workforce  
9 Development and shall assume all assets and liabilities of this system, including  
10 without limitation all obligations, responsibilities, programs, staff, instructional  
11 supplies, equipment, real property, facilities, funds, and records. The Finance and  
12 Administration Cabinet shall execute the instruments necessary to transfer the real  
13 property relating to the operation of the postsecondary institutions in the Kentucky  
14 Tech System from the former Cabinet for Workforce Development to the Kentucky  
15 Community and Technical College System.

16 (a) The staff positions in the former Department for Technical Education and the  
17 former Cabinet for Workforce Development whose responsibilities include  
18 support for the postsecondary institutions in the Kentucky Tech System and  
19 the school-based positions shall be transferred to the Kentucky Community  
20 and Technical College System. Selected employees of the Kentucky Tech  
21 regional offices shall be transferred and reassigned within the Kentucky  
22 Community and Technical College System. Appropriate central office  
23 functions from the Department for Technical Education shall be assigned  
24 within the system to carry out the administrative and support functions with  
25 the approval of the board of regents for the Kentucky Community and  
26 Technical College System.

27 (b) All funds related to the costs of operating the Kentucky Tech postsecondary

1 institutions, including the administrative costs, shall be transferred to the  
2 board of regents for the Kentucky Community and Technical College System  
3 for carrying out the mission of the postsecondary technical institutions and  
4 colleges.

5 (c) Funds raised by a not-for-profit or nonprofit organization for a specific  
6 program or technical institution shall be for the exclusive use of the program  
7 or that technical institution.

8 (d) The following provisions shall apply to the employees who are transferred  
9 from the former Cabinet for Workforce Development to the Kentucky  
10 Community and Technical College System, effective July 1, 1998:

- 11 1. Accumulated sick leave, compensatory time, and annual leave as of June  
12 30, 1998, shall be transferred with each employee;
- 13 2. Employees who have earned continuing status as defined in KRS  
14 156.800 and employees who have earned classified status as merit  
15 system employees under KRS Chapter 18A shall be provided the same  
16 standing. Those employees who are transferred and are in the process of  
17 earning continuing status or classified status shall earn their standing  
18 based on the rules that were governing them on June 30, 1998, in their  
19 respective systems. New employees within the system shall earn status  
20 based on the new policies established by the board;
- 21 3. Employees shall transfer into the new system at a salary not less than  
22 their previous salary as of June 30, 1998;
- 23 4. Employees shall be provided retirement plans in the same system where  
24 they are currently enrolled: the Kentucky Teachers' Retirement System  
25 under KRS 161.220 or the Kentucky Employees Retirement System  
26 under KRS 61.525;
- 27 5. Employees shall be provided a health benefits package that is available

1 or equivalent to that provided to other state or university employees; and  
 2 6. Employees shall be provided life insurance coverage and optional  
 3 insurance or investment programs.

4 (e) The board shall adopt rules that are the same as the administrative regulations  
 5 under KRS Chapter 151B in effect on June 30, 1998, to govern the certified  
 6 and equivalent employees who transfer from the former Cabinet for  
 7 Workforce Development, except that the rules shall provide that all grievances  
 8 and appeals shall be to the board of regents or to the board's designee. The  
 9 board shall adopt rules that are the same as the administrative regulations  
 10 under KRS Chapter 18A in effect on June 30, 1998, to govern the transferred  
 11 classified employees, except that the rules shall provide that all grievances and  
 12 appeals shall be to the board of regents or to the board's designee. A  
 13 transferred employee shall have the option to elect to participate in the new  
 14 Kentucky Community and Technical College personnel system in lieu of the  
 15 rules under which the employee transferred. An employee who elects to accept  
 16 this option may not return to the previous personnel policy. An employee shall  
 17 have the right to exercise this option at any time.

18 (2) New employees hired after July 1, 1997, in the Kentucky Community and Technical  
 19 College System shall be governed by the rules and regulations established by the  
 20 board, except that no housing allowance shall be provided for the president of the  
 21 Kentucky Community and Technical College System.

22 ➔SECTION 28. A NEW SECTION OF KRS 153.210 TO 153.235 IS CREATED  
 23 TO READ AS FOLLOWS:

24 An entity involved in producing or financing arts on a local or statewide basis, since  
 25 the inception of fiscal year 2004-2005, which received a total of twenty-five thousand  
 26 dollars (\$25,000) or less as a result of appropriations or grants from state or local  
 27 governmental units, shall be exempt from the requirements of:

1 (1) KRS 61.805 to 61.850; and

2 (2) KRS 61.870 to 61.884.

3 →Section 29. KRS 151.611 is amended to read as follows:

- 4 (1) A Stream Restoration and Mitigation Authority may be established for any HUC 10  
5 watershed in the Commonwealth. Each authority formed under this section shall be  
6 a public body corporate and politic with the authority to:
- 7 (a) Sue and be sued;
  - 8 (b) Enter into contracts with public and private individuals and corporations and  
9 engage in cooperative agreements with federal, state, and local governments  
10 or agencies, utilities, special districts, and nonprofit organizations for the  
11 performance of its duties and functions under KRS 151.610 to 151.615;
  - 12 (c) Employ personnel as needed, as its fiscal resources may allow, and use the  
13 services of volunteers individually or through agreement with governmental  
14 agencies, nonprofit organizations, or foundations;
  - 15 (d) Receive and expend funds from any source, including but not limited to  
16 private donations, charitable contributions, public grants, 404 In-lieu Fee  
17 Program, and appropriations from the General Assembly; and
  - 18 (e) Acquire, sell, and hold real interests in property.
- 19 (2) Nothing in KRS 151.610 to 151.615 shall be construed to empower or authorize an  
20 authority established under KRS 151.610 to 151.615 to exercise regulatory powers  
21 with respect to water resources or water quality. An authority established under  
22 KRS 151.610 to 151.615 shall not be vested with the power of eminent domain.
- 23 (3) It is the preference of the General Assembly that funds contributed by a permittee  
24 under a Section 404 Permit into an in-lieu fund for a project designed for stream  
25 restoration and mitigation be utilized within the watershed where the adverse effects  
26 occur. The General Assembly recognizes that conservation and protection of the  
27 water resources of the Commonwealth, including streams, rivers, wetlands, and

1 riparian habitats, may involve, in addition to restoration and enhancement of aquatic  
2 and riparian habitat, proper management of wastewater and stormwater, and  
3 abatement of pre-existing sources of pollution. Where an authority has been  
4 qualified by the USACE to manage an in-lieu fee or other compensatory mitigation  
5 arrangement that is approved after July 15, 2008, under Section 404, and to the  
6 extent that the USACE and the Mitigation Review Team has approved the use of  
7 such funds for elimination of pre-existing sources of pollution, the authority may  
8 expend a portion of the funds for those purposes, provided that the:

9 (a) Funds spent on water quality improvements are a component of a stream or  
10 wetland restoration plan for replacement of aquatic resource functions and  
11 values; ~~and~~

12 (b) Project has been reviewed and approved by the USACE and the Division of  
13 Water as being consistent with Sections 404 and 401 of the Clean Water Act;  
14 and

15 (c) In-lieu fees shall be available statewide, to all one hundred twenty (120)  
16 counties, subject to federal and state regulatory requirements.

17 (4) Nothing in KRS 151.610 to 151.615 shall preclude the authority, when acting as an  
18 approved qualified organization managing an in-lieu fee arrangement approved after  
19 July 15, 2008, from combining funding from other sources with in-lieu fees in order  
20 to achieve efficiencies in stream restoration or mitigation.

21 ➔Section 30. KRS 61.637 is amended to read as follows:

22 (1) A retired member who is receiving monthly retirement payments under any of the  
23 provisions of KRS 61.510 to 61.705 and 78.510 to 78.852 and who is reemployed  
24 as an employee by a participating agency prior to August 1, 1998, shall have his  
25 retirement payments suspended for the duration of reemployment. Monthly  
26 payments shall not be suspended for a retired member who is reemployed if he  
27 anticipates that he will receive less than the maximum permissible earnings as

1 provided by the Federal Social Security Act in compensation as a result of  
2 reemployment during the calendar year. The payments shall be suspended at the  
3 beginning of the month in which the reemployment occurs.

4 (2) Employer and employee contributions shall be made as provided in KRS 61.510 to  
5 61.705 and 78.510 to 78.852 on the compensation paid during reemployment,  
6 except where monthly payments were not suspended as provided in subsection (1)  
7 of this section or would not increase the retired member's last monthly retirement  
8 allowance by at least one dollar (\$1), and the member shall be credited with  
9 additional service credit.

10 (3) In the month following the termination of reemployment, retirement allowance  
11 payments shall be reinstated under the plan under which the member was receiving  
12 payments prior to reemployment.

13 (4) (a) Notwithstanding the provisions of this section, the payments suspended in  
14 accordance with subsection (1) of this section shall be paid retroactively to the  
15 retired member, or his estate, if he does not receive more than the maximum  
16 permissible earnings as provided by the Federal Social Security Act in  
17 compensation from participating agencies during any calendar year of  
18 reemployment.

19 (b) If the retired member is paid suspended payments retroactively in accordance  
20 with this section, employee contributions deducted during his period of  
21 reemployment, if any, shall be refunded to the retired employee, and no  
22 service credit shall be earned for the period of reemployment.

23 (c) If the retired member is not eligible to be paid suspended payments for his  
24 period of reemployment as an employee, his retirement allowance shall be  
25 recomputed under the plan under which the member was receiving payments  
26 prior to reemployment as follows:

27 1. The retired member's final compensation shall be recomputed using

- 1           creditable compensation for his period of reemployment; however, the  
2           final compensation resulting from the recalculation shall not be less than  
3           that of the member when his retirement allowance was last determined;
- 4           2. If the retired member initially retired on or subsequent to his normal  
5           retirement date, his retirement allowance shall be recomputed by using  
6           the formula in KRS 61.595(1);
- 7           3. If the retired member initially retired prior to his normal retirement date,  
8           his retirement allowance shall be recomputed using the formula in KRS  
9           61.595(2), except that the member's age used in computing benefits shall  
10          be his age at the time of his initial retirement increased by the number of  
11          months of service credit earned for service performed during  
12          reemployment;
- 13          4. The retirement allowance payments resulting from the recomputation  
14          under this subsection shall be payable in the month following the  
15          termination of reemployment in lieu of payments under subparagraph 3.  
16          The member shall not receive less in benefits as a result of the  
17          recomputation than he was receiving prior to reemployment or would  
18          receive as determined under KRS 61.691; and
- 19          5. Any retired member who was reemployed prior to March 26, 1974, shall  
20          begin making contributions to the system in accordance with the  
21          provisions of this section on the first day of the month following March  
22          26, 1974.
- 23   (5) A retired member, or his estate, shall pay to the retirement fund the total amount of  
24   payments which are not suspended in accordance with subsection (1) of this section  
25   if the member received more than the maximum permissible earnings as provided  
26   by the Federal Social Security Act in compensation from participating agencies  
27   during any calendar year of reemployment, except the retired member or his estate



1           may repay the lesser of the total amount of payments which were not suspended or  
2           fifty cents (\$0.50) of each dollar earned over the maximum permissible earnings  
3           during reemployment if under age sixty-five (65), or one dollar (\$1) for every three  
4           dollars (\$3) earned if over age sixty-five (65).

5       (6)   (a)   "Reemployment" or "reinstatement" as used in this section shall not include a  
6           retired member who has been ordered reinstated by the Personnel Board under  
7           authority of KRS 18A.095.

8           (b)   A retired member who has been ordered reinstated by the Personnel Board  
9           under authority of KRS 18A.095 or by court order or by order of the Human  
10          Rights Commission and accepts employment by an agency participating in the  
11          Kentucky Employees Retirement System or County Employees Retirement  
12          System shall void his retirement by reimbursing the system in the full amount  
13          of his retirement allowance payments received.

14       (7)   (a)   Effective August 1, 1998, the provisions of subsections (1) to (4) of this  
15          section shall no longer apply to a retired member who is reemployed in a  
16          position covered by the same retirement system from which the member  
17          retired. Reemployed retired members shall be treated as new members upon  
18          reemployment. Any retired member whose reemployment date preceded  
19          August 1, 1998, who does not elect, within sixty (60) days of notification by  
20          the retirement systems, to remain under the provisions of subsections (1) to  
21          (4) of this section shall be deemed to have elected to participate under this  
22          subsection.

23           (b)   A retired member whose disability retirement was discontinued pursuant to  
24          KRS 61.615 and who is reemployed in one (1) of the systems administered by  
25          the Kentucky Retirement Systems prior to his or her normal retirement date  
26          shall have his or her accounts combined upon termination for determining  
27          eligibility for benefits. If the member is eligible for retirement, the member's

1 service and creditable compensation earned as a result of his or her  
2 reemployment shall be used in the calculation of benefits, except that the  
3 member's final compensation shall not be less than the final compensation last  
4 used in determining his or her retirement allowance. The member shall not  
5 change beneficiary or payment option designations. This provision shall apply  
6 to members reemployed on or after August 1, 1998.

7 (8) A retired member or his employer shall notify the retirement system if he has  
8 accepted employment or is serving as a volunteer with an employer that participates  
9 in the retirement system from which the member retired. The retired member and  
10 the participating employer shall submit the information required or requested by the  
11 systems to confirm the individual's employment or volunteer status.

12 (9) If the retired member is under a contract, the member shall submit a copy of that  
13 contract to the retirement system, and the retirement system shall determine if the  
14 member is an independent contractor for purposes of retirement benefits. The  
15 retired member and the participating employer shall submit the information required  
16 or requested by the systems to confirm the individual's employment or volunteer  
17 status.

18 (10) If a member is receiving a retirement allowance, or has filed the forms required for  
19 a retirement allowance, and is employed within one (1) month of the member's  
20 initial retirement date in a position that is required to participate in the same  
21 retirement system from which the member retired, the member's retirement shall be  
22 voided and the member shall repay to the retirement system all benefits received.  
23 The member shall contribute to the member account established for him prior to his  
24 voided retirement. The retirement allowance for which the member shall be eligible  
25 upon retirement shall be determined by total service and creditable compensation.

26 (11) (a) If a member of the Kentucky Employees Retirement System retires from a  
27 department which participates in more than one (1) retirement system and is

1 reemployed within one (1) month of his initial retirement date by the same  
2 department in a position participating in another retirement system, the retired  
3 member's retirement allowance shall be suspended for the first month of his  
4 retirement and the member shall repay to the retirement system all benefits  
5 received for the month.

6 (b) A retired member of the County Employees Retirement System who after  
7 initial retirement is hired by the county from which the member retired shall  
8 be considered to have been hired by the same employer.

9 (12) (a) If a hazardous member who retired prior to age fifty-five (55), or a  
10 nonhazardous member who retired prior to age sixty-five (65), is reemployed  
11 within six (6) months of the member's termination by the same employer, the  
12 member shall obtain from his previous and current employers a copy of the  
13 job description established by the employers for the position and a statement  
14 of the duties performed by the member for the position from which he retired  
15 and for the position in which he has been reemployed.

16 (b) The job descriptions and statements of duties shall be filed with the retirement  
17 office.

18 (13) If the retirement system determines that the retired member has been employed in a  
19 position with the same principal duties as the position from which the member  
20 retired:

21 (a) The member's retirement allowance shall be suspended during the period that  
22 begins on the month in which the member is reemployed and ends six (6)  
23 months after the member's termination;

24 (b) The retired member shall repay to the retirement system all benefits paid from  
25 systems administered by Kentucky Retirement Systems under reciprocity,  
26 including medical insurance benefits, that the member received after  
27 reemployment began;

- 1 (c) Upon termination, or subsequent to expiration of the six (6) month period  
2 from the date of termination, the retired member's retirement allowance based  
3 on his initial retirement account shall no longer be suspended and the member  
4 shall receive the amount to which he is entitled, including an increase as  
5 provided by KRS 61.691;
- 6 (d) Except as provided in subsection (7) of this section, if the position in which a  
7 retired member is employed after initial retirement is a regular full-time  
8 position, the retired member shall contribute to a second member account  
9 established for him in the retirement system. Service credit gained after the  
10 member's date of reemployment shall be credited to the second member  
11 account; and
- 12 (e) Upon termination, the retired member shall be entitled to benefits payable  
13 from his second retirement account.
- 14 (14) (a) If the retirement system determines that the retired member has not been  
15 reemployed in a position with the same principal duties as the position from  
16 which he retired, the retired member shall continue to receive his retirement  
17 allowance.
- 18 (b) If the position is a regular full-time position, the member shall contribute to a  
19 second member account in the retirement system.
- 20 (15) (a) If a retired member is reemployed at least one (1) month after initial  
21 retirement in a different position, or at least six (6) months after initial  
22 retirement in the same position, and prior to normal retirement age, the retired  
23 member shall contribute to a second member account in the retirement system  
24 and continue to receive a retirement allowance from the first member account.
- 25 (b) Service credit gained after reemployment shall be credited to the second  
26 member account. Upon termination, the retired member shall be entitled to  
27 benefits payable from the second member account.

1 (16) A retired member who is reemployed and contributing to a second member account  
2 shall not be eligible to purchase service credit under any of the provisions of KRS  
3 16.505 to 16.652, 61.510 to 61.705, or 78.510 to 78.852 which he was eligible to  
4 purchase prior to his initial retirement.

5 (17) Notwithstanding any provision of subsections (1) to (7)(a) and (10) to (15) of this  
6 section, the following shall apply to retired members who are reemployed by an  
7 agency participating in one (1) of the systems administered by Kentucky Retirement  
8 Systems on or after September 1, 2008:

9 (a) Except as provided by paragraphs (c) and (d) of this subsection, if a member is  
10 receiving a retirement allowance from one (1) of the systems administered by  
11 Kentucky Retirement Systems, or has filed the forms required to receive a  
12 retirement allowance from one (1) of the systems administered by Kentucky  
13 Retirement Systems, and is employed in a regular full-time position required  
14 to participate in one (1) of the systems administered by Kentucky Retirement  
15 Systems or is employed in a position that is not considered regular full-time  
16 with an agency participating in one (1) of the systems administered by  
17 Kentucky Retirement Systems within three (3) months following the member's  
18 initial retirement date, the member's retirement shall be voided, and the  
19 member shall repay to the retirement system all benefits received, including  
20 any health insurance benefits. If the member is returning to work in a regular  
21 full-time position required to participate in one (1) of the systems  
22 administered by Kentucky Retirement Systems:

23 1. The member shall contribute to a member account established for him or  
24 her in one (1) of the systems administered by Kentucky Retirement  
25 Systems, and employer contributions shall be paid on behalf of the  
26 member by the participating employer; and

27 2. Upon subsequent retirement, the member shall be eligible for a

1 retirement allowance based upon total service and creditable  
2 compensation, including any additional service or creditable  
3 compensation earned after his or her initial retirement was voided;

4 (b) Except as provided by paragraphs (c) and (d) of this subsection, if a member is  
5 receiving a retirement allowance from one (1) of the systems administered by  
6 Kentucky Retirement Systems and is employed in a regular full-time position  
7 required to participate in one (1) of the systems administered by Kentucky  
8 Retirement Systems after a three (3) month period following the member's  
9 initial retirement date, the member may continue to receive his or her  
10 retirement allowance during the period of reemployment subject to the  
11 following provisions:

12 1. Both the employee and participating agency shall certify in writing on a  
13 form prescribed by the board that no prearranged agreement existed  
14 between the employee and agency prior to the employee's retirement for  
15 the employee to return to work with the participating agency. If an  
16 elected official is reelected to a new term of office in the same position  
17 and retires following the election but prior to taking the new term of  
18 office, he or she shall be deemed by the system as having a prearranged  
19 agreement under the provisions of this subparagraph and shall have his  
20 or her retirement voided. If the participating agency or employer fail to  
21 complete the certification, the member's retirement shall be voided and  
22 the provisions of paragraph (a) of this subsection shall apply to the  
23 member and the employer;

24 2. Notwithstanding any other provision of KRS Chapter 16, 61, or 78 to  
25 the contrary, the member shall not contribute to the systems and shall  
26 not earn any additional benefits for any work performed during the  
27 period of reemployment;

- 1           3. Except as provided by KRS 70.291 to 70.293 and 95.022 *and except for*  
2           *any retiree employed as a school resource officer as defined by KRS*  
3           *158.441*, the employer shall pay employer contributions as specified by  
4           KRS 61.565 and 61.702 on all creditable compensation earned by the  
5           employee during the period of reemployment. The additional  
6           contributions paid shall be used to reduce the unfunded actuarial liability  
7           of the systems; and
- 8           4. Except as provided by KRS 70.291 to 70.293 and 95.022 *and except for*  
9           *any retiree employed as a school resource officer as defined by KRS*  
10          *158.441*, the employer shall be required to reimburse the systems for the  
11          cost of the health insurance premium paid by the systems to provide  
12          coverage for the retiree, not to exceed the cost of the single premium.  
13          Effective July 1, 2015, Local school boards shall not be required to pay  
14          the reimbursement required by this subparagraph for retirees employed  
15          by the board for eighty (80) days or less during the fiscal year;
- 16          (c) If a member is receiving a retirement allowance from the State Police  
17          Retirement System or from hazardous duty retirement coverage with the  
18          Kentucky Employees Retirement System or the County Employees Retirement  
19          System, or has filed the forms required to receive a retirement allowance from  
20          the State Police Retirement System or from hazardous duty retirement  
21          coverage with the Kentucky Employees Retirement System or the County  
22          Employees Retirement System, and is employed in a regular full-time position  
23          required to participate in the State Police Retirement System or in a hazardous  
24          duty position with the Kentucky Employees Retirement System or the County  
25          Employees Retirement System within one (1) month following the member's  
26          initial retirement date, the member's retirement shall be voided, and the  
27          member shall repay to the retirement system all benefits received, including

1 any health insurance benefits. If the member is returning to work in a regular  
2 full-time position required to participate in one (1) of the systems  
3 administered by Kentucky Retirement Systems:

- 4 1. The member shall contribute to a member account established for him or  
5 her in one (1) of the systems administered by Kentucky Retirement  
6 Systems, and employer contributions shall be paid on behalf of the  
7 member by the participating employer; and
- 8 2. Upon subsequent retirement, the member shall be eligible for a  
9 retirement allowance based upon total service and creditable  
10 compensation, including any additional service or creditable  
11 compensation earned after his or her initial retirement was voided;

12 (d) If a member is receiving a retirement allowance from the State Police  
13 Retirement System or from hazardous duty retirement coverage with the  
14 Kentucky Employees Retirement System or the County Employees Retirement  
15 System and is employed in a regular full-time position required to participate  
16 in the State Police Retirement System or in a hazardous duty position with the  
17 Kentucky Employees Retirement System or the County Employees Retirement  
18 System after a one (1) month period following the member's initial retirement  
19 date, the member may continue to receive his or her retirement allowance  
20 during the period of reemployment subject to the following provisions:

- 21 1. Both the employee and participating agency shall certify in writing on a  
22 form prescribed by the board that no prearranged agreement existed  
23 between the employee and agency prior to the employee's retirement for  
24 the employee to return to work with the participating agency. If an  
25 elected official is reelected to a new term of office in the same position  
26 and retires following the election but prior to taking the new term of  
27 office, he or she shall be deemed by the system as having a prearranged



- 1 agreement under the provisions of this subparagraph and shall have his  
2 or her retirement voided. If the participating agency or employer fail to  
3 complete the certification, the member's retirement shall be voided and  
4 the provisions of paragraph (c) of this subsection shall apply to the  
5 member and the employer;
- 6 2. Notwithstanding any other provision of KRS Chapter 16, 61, or 78 to  
7 the contrary, the member shall not contribute to the systems and shall  
8 not earn any additional benefits for any work performed during the  
9 period of reemployment;
- 10 3. Except as provided by KRS 70.291 to 70.293 and 95.022 and except for  
11 any retiree employed as a school resource officer as defined by KRS  
12 158.441, the employer shall pay employer contributions as specified by  
13 KRS 61.565 and 61.702 on all creditable compensation earned by the  
14 employee during the period of reemployment. The additional  
15 contributions paid shall be used to reduce the unfunded actuarial liability  
16 of the systems; and
- 17 4. Except as provided by KRS 70.291 to 70.293 and 95.022 and except for  
18 any retiree employed as a school resource officer as defined by KRS  
19 158.441, the employer shall be required to reimburse the systems for the  
20 cost of the health insurance premium paid by the systems to provide  
21 coverage for the retiree, not to exceed the cost of the single premium;
- 22 (e) Notwithstanding paragraphs (a) to (d) of this subsection, a retired member  
23 who qualifies as a volunteer for an employer participating in one (1) of the  
24 systems administered by Kentucky Retirement Systems and who is receiving  
25 reimbursement of actual expenses, a nominal fee for his or her volunteer  
26 services, or both, shall not be considered an employee of the participating  
27 employer and shall not be subject to paragraphs (a) to (d) of this subsection if:

- 1           1.    Prior to the retired member's most recent retirement date, he or she did  
2                   not receive creditable compensation from the participating employer in  
3                   which the retired member is performing volunteer services;
- 4           2.    Any reimbursement or nominal fee received prior to the retired  
5                   member's most recent retirement date has not been credited as creditable  
6                   compensation to the member's account or utilized in the calculation of  
7                   the retired member's benefits;
- 8           3.    The retired member has not purchased or received service credit under  
9                   any of the provisions of KRS 61.510 to 61.705 or 78.510 to 78.852 for  
10                  service with the participating employer for which the retired member is  
11                  performing volunteer services; and
- 12          4.    Other than the status of volunteer, the retired member does not become  
13                  an employee, leased employee, or independent contractor of the  
14                  employer for which he or she is performing volunteer services for a  
15                  period of at least twenty-four (24) months following the retired  
16                  member's most recent retirement date.

17           If a retired member, who provided volunteer services with a participating  
18           employer under this paragraph violates any provision of this paragraph, then  
19           he or she shall be deemed an employee of the participating employer as of the  
20           date he or she began providing volunteer services and both the retired member  
21           and the participating employer shall be subject to paragraphs (a) to (d) of this  
22           subsection for the period of volunteer service; and

- 23          (f)   Notwithstanding any provision of this section, any mayor or member of a city  
24                  legislative body who has not participated in the County Employees Retirement  
25                  System prior to retirement, but who is otherwise eligible to retire from the  
26                  Kentucky Employees Retirement System or the State Police Retirement  
27                  System, shall not be:

- 1           1.    Required to resign from his or her position as mayor or as a member of
- 2                    the city legislative body in order to begin drawing benefits from the
- 3                    Kentucky Employees Retirement System or the State Police Retirement
- 4                    System; or
- 5           2.    Subject to any provision of this section as it relates solely to his or her
- 6                    service as a mayor or member of the city legislative body.

7           ➔Section 31. KRS 70.292 is amended to read as follows:

- 8   (1) A county police department or county sheriff's office in the Commonwealth of
- 9       Kentucky may employ police officers who have retired under the State Police
- 10      Retirement System, Kentucky Employees Retirement System, or the County
- 11      Employees Retirement System as provided by KRS 70.291 to 70.293.
- 12   (2) An individual employed under KRS 70.291 to 70.293 shall have:
  - 13      (a) 1.    Participated in the Law Enforcement Foundation Program fund under
  - 14              KRS 15.410 to 15.515; or
  - 15              2.    Retired as a commissioned officer pursuant to KRS Chapter 16;
  - 16      (b) Retired with at least twenty (20) years of service credit;
  - 17      (c) Been separated from service for the period required by KRS 61.637 so that the
  - 18              member's retirement is not voided;
  - 19      (d) Retired with no administrative charges pending; and
  - 20      (e) Retired with no pre-existing agreement between the individual and the county
  - 21              police department or the sheriff's office prior to the individual's retirement for
  - 22              the individual to return to work for the county police department or the
  - 23              sheriff's office.

24           ➔Section 32. KRS 70.293 is amended to read as follows:

- 25   (1) Individuals employed under KRS 70.291 to 70.293 shall:
  - 26      (a)    Serve for a term not to exceed one (1) year. The one (1) year employment term
  - 27              may be renewed annually at the discretion of the employing county police

- 1           department or sheriff's office;
- 2           (b) Receive compensation according to the standard procedures applicable to the
- 3           employing county police department or sheriff's office; and
- 4           (c) Be employed based upon need as determined by the county police department
- 5           or the employing sheriff's office.
- 6       (2) Notwithstanding any provisions of KRS 16.505 to 16.652, 18A.225 to 18A.2287,
- 7           61.510 to 61.705, or 78.510 to 78.852 to the contrary:
- 8           (a) Individuals employed under KRS 70.291 to 70.293 shall continue to receive
- 9           all retirement and health insurance benefits to which they were entitled upon
- 10          retiring in the applicable system administered by Kentucky Retirement
- 11          Systems;
- 12          (b) Individuals employed under KRS 70.291 to 70.293 shall not be eligible to
- 13          receive health insurance coverage through the county police department, the
- 14          sheriff's office, or the fiscal court of the county police department or sheriff's
- 15          office[county];
- 16          (c) The county police department, sheriff's office, or fiscal court of the county
- 17          police department or sheriff's office shall not pay any employer contributions
- 18          or retiree health expense reimbursements to the Kentucky Retirement Systems
- 19          required by KRS 61.637(17) for individuals employed under KRS 70.291 to
- 20          70.293; and
- 21          (d) The county police department, sheriff's office, or fiscal court of the county
- 22          police department or sheriff's office shall not pay any insurance contributions
- 23          to the state health insurance plan, as provided by KRS 18A.225 to 18A.2287,
- 24          for individuals employed under KRS 70.291 to 70.293.
- 25       (3) Individuals employed under KRS 70.291 to 70.293 shall be subject to any merit
- 26          system, civil service, or other legislative due process provisions applicable to the
- 27          county police department or sheriff's office. A decision not to renew a one (1) year

1 appointment term under this section shall not be considered a disciplinary action or  
2 deprivation subject to due process.

3 ➔Section 33. KRS 161.569 is amended to read as follows:

- 4 (1) Any person electing to participate in the optional retirement plan shall be ineligible  
5 for membership in the regular retirement plan of the Kentucky Teachers' Retirement  
6 System for as long as the participant is employed in a position for which the  
7 optional retirement plan is available, except as provided in KRS 161.568(1).
- 8 (2) Any person electing to participate in the optional retirement plan shall acknowledge  
9 in writing that the benefits payable to participants are not the obligation of the  
10 Commonwealth of Kentucky or the Kentucky Teachers' Retirement System, and  
11 that these benefits and other rights of the optional retirement plan are the liability  
12 and responsibility solely of the designated companies to which contributions have  
13 been made.
- 14 (3) Benefits shall be payable to optional retirement plan participants or their  
15 beneficiaries by the designated companies in accordance with the contracts issued  
16 by each company and the retirement plan provisions adopted by each public  
17 institution.
- 18 (4) Annuity contracts issued under the optional retirement plan and all rights of a  
19 participant in the optional retirement plan shall be exempt from any state, local, or  
20 municipal tax; assessment for the insolvency of any life, health, or casualty  
21 insurance company; any levy or sale, garnishment, or attachment; or any process  
22 whatsoever, and shall be unassignable except as otherwise specifically provided by  
23 the contracts offered under the optional retirement plan adopted by the respective  
24 public institutions of higher education. Except contracts issued and rights accrued in  
25 the optional retirement plan on or after January 1, 1998, shall be subject to the tax  
26 imposed by KRS 141.020, to the extent provided in KRS 141.010 and 141.0215.
- 27 (5) Each institution shall contribute for each payroll period of each fiscal year to the

1 Kentucky Teachers' Retirement System, an amount equal to five and one-tenth  
2 percent (5.1%) of the total salaries of all persons who elect or elected to participate  
3 in the optional retirement plan instead of the Kentucky Teachers' Retirement  
4 System. This payment shall continue to be made until June 30, 2018~~[July 1, 2048]~~.  
5 No contributions shall be payable on or after July 1, 2018, to the Kentucky  
6 Teachers' Retirement System for all persons who elect or elected to participate in  
7 the optional retirement plan instead of the Kentucky Teachers' Retirement  
8 System.

9 ➔SECTION 34. A NEW SECTION OF KRS 160.1590 TO 160.1599 IS  
10 CREATED TO READ AS FOLLOWS:

11 (1) A public charter school shall serve as a school of location within its local  
12 education agency.

13 (2) Attendance for a student enrolled in a public charter school who resides within  
14 the boundaries of the local school district where the public charter school is  
15 located shall be included and reported in the local school district's  
16 superintendent's annual attendance report and any other reports used for  
17 enrollment and attendance purposes required to be submitted to the Kentucky  
18 Department of Education. This data shall be used to calculate funding for the  
19 local school district pursuant to KRS 157.360 and 157.440(1)(a).

20 (3) (a) A local school district where a public charter school is located shall transfer  
21 the public charter school's portion of the local school district's funding  
22 calculated pursuant to KRS 157.360. The public charter school's portion  
23 shall be allocated in the same manner as the school allocation model used  
24 by the local school district based on applicable data provided by the public  
25 charter school. A report detailing the formula used for public charter  
26 schools and the local school district's non-charter schools shall be  
27 transmitted to the Kentucky Board of Education, the secretary of the

1 Education and Workforce Development Cabinet, the Legislative Research  
2 Commission, and the authorizer within thirty (30) days of its adoption by  
3 the local school board, after which the Kentucky Board of Education may  
4 find the formula used by the local school district for public charter schools  
5 deficient and request a revision thereof within ninety (90) days.

6 (b) The following funds shall not be included in the funds allocated to the  
7 public charter school:

8 1. Local capital outlay funds that are restricted in use pursuant to KRS  
9 157.420(4), 157.440(1)(b), and 157.621, or other financing  
10 mechanisms for new construction and renovation projects for school  
11 facilities;

12 2. Local funds raised pursuant to KRS 157.440(2)(a);

13 3. Transportation funds calculated pursuant to KRS 157.360(2)(c), as  
14 outlined in subsection (4) of this section; and

15 4. Three percent (3%) of the total funding allocated in paragraph (a) of  
16 this subsection, which shall be retained by the authorizer if the  
17 authorizer is a local school district or transferred to the authorizer if  
18 the authorizer is not a local school district. If the Kentucky Board of  
19 Education approves a public charter school on appeal from another  
20 authorizer, the Kentucky Board of Education shall receive twenty-five  
21 percent (25%) of any authorizer fee during the period of the charter.

22 (4) If a local school district provides transportation to students attending a public  
23 charter school under terms agreed upon by the local school district and the public  
24 charter school in the charter contract, the local school district shall not be  
25 required to transfer the transportation funds described in subsection (3)(b)3. of  
26 this section. If a local school district does not provide transportation to students  
27 attending a public charter school, the transportation funds described in

- 1 subsection (3)(b)3. of this section shall be transferred to the public charter  
2 school. The amount of funds transferred shall be calculated by multiplying the  
3 total amount of transportation funds the local school district receives pursuant to  
4 KRS 157.360(2)(c) by a fraction, the numerator of which equals the number of  
5 students attending the public charter school who would otherwise be transported  
6 by the local school district, and the denominator of which equals the total  
7 number of students transported by the local school district.
- 8 (5) Public charter schools shall receive any education funds derived from  
9 occupational license fees on a proportionate per-pupil basis.
- 10 (6) Funding for a public charter school that is authorized by a collaborative of one  
11 (1) or more local school districts shall be determined by the collaborative  
12 agreement. A copy of the collaborative agreement and the allocation formula  
13 used for each participating local school district's non-charter schools shall be  
14 transmitted to the Kentucky Board of Education, the secretary of the Education  
15 and Workforce Development Cabinet, the Legislative Research Commission, and  
16 the authorizer within thirty (30) days of its adoption by the local school board,  
17 after which the Kentucky Board of Education may find the funding plan  
18 contained in the collaborative agreement deficient and request a revision thereof  
19 within ninety (90) days.
- 20 (7) A student enrolled in a public charter school that is a regional achievement  
21 academy who resides outside the boundaries of the local school district where the  
22 regional achievement academy is located but within the regional achievement  
23 zone shall be included and reported in the local school district of residence's  
24 superintendent's annual attendance report and any other reports used for  
25 enrollment and attendance purposes required to be submitted to the Kentucky  
26 Department of Education. This data shall be used to calculate funding for the  
27 local school district of residence pursuant to KRS 157.360 and 157.440(1)(a).



1 (8) (a) A local school district that is located within a regional achievement zone  
2 shall transfer the public charter school's portion of the local school  
3 district's funding calculated pursuant to KRS 157.360. The public charter  
4 school's portion shall be allocated in the same manner as the school  
5 allocation model used by the local school district based on applicable data  
6 provided by the public charter school. A report detailing the formula used  
7 for public charter schools and the local school district's non-charter schools  
8 shall be transmitted to the Kentucky Board of Education, the secretary of  
9 the Education and Workforce Development Cabinet, the Legislative  
10 Research Commission, and the authorizer within thirty (30) days of its  
11 adoption by the local school board, after which the Kentucky Board of  
12 Education may find the formula used by the local school district for public  
13 charter schools deficient and request a revision thereof within ninety (90)  
14 days.

15 (b) The following funds shall not be included in the funds allocated to the  
16 regional achievement academy:

- 17 1. Local capital outlay funds that are restricted in use pursuant to KRS  
18 157.420(4), 157.440(1)(b), and 157.621, or other financing  
19 mechanisms for new construction and renovation projects for school  
20 facilities;
- 21 2. Local funds raised pursuant to KRS 157.440(2)(a);
- 22 3. Transportation funds calculated pursuant to KRS 157.360(2)(c), as  
23 outlined in subsection (9) of this section; and
- 24 4. Three percent (3%) of the total funding allocated in paragraph (a) of  
25 this subsection, which shall be retained by the authorizer if the  
26 authorizer is a local school district, or transferred to the authorizer or  
27 authorizing collaborative and distributed to the participating local

1           school districts in the collaborative as determined by the collaborative  
2           agreement if the authorizer is a collaborative of two (2) or more local  
3           school districts, or transferred to the authorizer if the authorizer is not  
4           a local school district. If the Kentucky Board of Education approves a  
5           public charter school on appeal from another authorizer, the  
6           Kentucky Board of Education shall receive twenty-five percent (25%)  
7           of any authorizer fee during the period of the charter.

8   (9) Transportation for students in a public charter school located within a regional  
9   achievement zone shall be provided as determined by the authorizing local school  
10   district or collaborative as determined by the collaborative agreement. If a local  
11   school district that is a participant in the authorizing collaborative provides  
12   transportation to students attending a public charter school in a regional  
13   achievement zone under terms agreed upon by the local school district and the  
14   public charter school in the charter contract, the local school district shall not be  
15   required to transfer to the public charter school the transportation funds  
16   described in subsection (8)(b)3. of this section. If a local school district that is a  
17   participant in a collaborative does not provide transportation to students  
18   attending a public charter school, the transportation funds described in  
19   subsection (8)(b)3. of this section shall be transferred to the local school district  
20   providing the transportation, if applicable, or to the regional achievement  
21   academy if no local school district provides transportation. The amount of funds  
22   transferred shall be calculated by multiplying the total amount of transportation  
23   funds the local school district receives pursuant to KRS 157.360(2)(c) by a  
24   fraction, the numerator of which equals the number of students attending the  
25   public charter school who would otherwise be transported by the local school  
26   district, and the denominator of which equals the total number of students  
27   transported by the local school district. If a local school district is not a

1 participant in the collaborative authorizing the public charter school in a  
2 regional achievement zone, the local school district shall not be required to  
3 transfer to the public charter school the transportation funds described in  
4 subsection (8)(b)3. of this section.

5 (10) Funds transferred for purposes of public charter schools shall be transferred  
6 throughout the school year according to a schedule to be determined by the  
7 Kentucky Board of Education. A failure to transfer required funds shall result in  
8 a fine to the entity required to transfer the funds of not less than five percent (5%)  
9 of the total funding per funding period for every five (5) days late on funds  
10 transfers, which shall be transferred to the public charter school.

11 (11) Funds transferred pursuant to this section shall be transferred to:

12 (a) The public charter school if the local school district is the authorizer;

13 (b) The regional achievement academy if a regional achievement zone  
14 collaborative is the authorizer; or

15 (c) The authorizer if a local school district or regional achievement zone  
16 collaborative is not the authorizer of the public charter school.

17 (12) The Kentucky Board of Education shall promulgate administrative regulations  
18 governing the transfer of funds between local school districts, authorizers, and  
19 public charter schools, and the imposition of fines for late funds transfers.

20 (13) A public charter school shall be eligible for federal and state competitive grants  
21 and shall not be excluded from an opportunity to participate as an independent  
22 educational entity as long as the available grants align with the grade levels  
23 included in the public charter school and the other criteria established for the  
24 respective grants.

25 (14) A public charter school shall receive a proportionate share of moneys generated  
26 under federal and state categorical aid programs for students that are eligible for  
27 the aid and attending the public charter school. A local school district shall

1 ensure that a public charter school with rapidly expanding enrollment is treated  
2 equitably in the calculation and disbursement of all federal and state categorical  
3 aid program funding. Each public charter school that receives such aid shall  
4 comply with all reporting requirements to receive such aid.

5 (15) The commissioner of education shall apply for all federal funding that supports  
6 charter school initiatives for which a state must be the applicant and shall  
7 cooperate with a public charter school in its efforts to seek federal funding.

8 ➔Section 35. KRS 161.141 is amended to read as follows:

9 (1) As used in this section, "public charter school," "local school board," and "local  
10 school district" have the same meanings as in KRS 160.1590.

11 (2) (a) Public charter school employees shall participate in the Teachers' Retirement  
12 System or the County Employees Retirement System, as determined by their  
13 eligibility for participation in the appropriate system and provided the public  
14 charter school satisfies the criteria set by the Internal Revenue Service to  
15 participate in a governmental retirement plan.

16 (b) Teachers and other certified personnel shall make any required employee  
17 contributions to the Teachers' Retirement System under KRS 161.220 to  
18 161.716.

19 (c) Classified employees shall make any required employee contributions to the  
20 County Employees Retirement System under KRS 78.510 to 78.852.

21 (d) A public charter school shall make any required employer contributions to  
22 the Teachers' Retirement System under KRS 161.220 to 161.716 and the  
23 County Employees Retirement System under KRS 78.510 to 78.852 in the  
24 same manner and level as local school districts.

25 (3) A public charter school shall participate in the state-sponsored health insurance  
26 program on the same basis as a local school district.

27 (4) Any state appropriation for retirement, health, or life insurance benefits made on

1 *behalf of a local public school employee shall also be made on behalf of a public*  
2 *charter school employee.*

3 *(5) For the purposes of calculating sick leave credit under KRS 161.220 to 161.716,*  
4 *teachers and other certified personnel shall not accumulate more days of sick*  
5 *leave during their employment with a public charter school than they would have*  
6 *otherwise accumulated as a certified employee of the local school district in*  
7 *which the public charter school is located.*

8 ~~(6)~~~~(3)~~ (a) A public charter school employee shall not be required to be a member  
9 of any collective bargaining agreement.

10 (b) A public charter school employee who enters into any collective bargaining  
11 unit must do so as a separate unit from the local school district.

12 ~~(7)~~~~(4)~~ A local school board shall not require any employee of the local school district  
13 to be employed in a public charter school or any student enrolled in the school  
14 district to attend a public charter school.

15 ~~(8)~~~~(5)~~ A local school board shall not harass, threaten, discipline, discharge, retaliate,  
16 or in any manner discriminate against any district employee involved directly or  
17 indirectly with an application to establish a public charter school.

18 ➔Section 36. **Kentucky Agricultural Finance Corporation:** Notwithstanding  
19 KRS 247.978(2), the total amount of principal which a qualified applicant may owe the  
20 Kentucky Agricultural Finance Corporation at any one time shall not exceed \$5,000,000.

21 ➔Section 37. **Administrative Fee on Infrastructure for Economic**  
22 **Development Fund Projects:** A one-half of one percent administrative fee is authorized  
23 to be paid to the Kentucky Infrastructure Authority for the administration of each project  
24 funded by the Infrastructure for Economic Development Fund for Coal-Producing  
25 Counties and the Infrastructure for Economic Development Fund for Tobacco Counties.  
26 These administrative fees shall be paid, upon inception of the project, out of the fund  
27 from which the project was allocated.

1           ➔Section 38. **Child Victim’s Trust Fund License Plate Statutory Suspension:**  
2 Notwithstanding KRS 186.162(2)(v), any revenue received from the sale or renewal of  
3 Child Victims’ Trust Fund license plates in excess of actual costs incurred by the  
4 Transportation Cabinet related to the distribution of those plates shall be transferred to the  
5 Child Victims’ Trust Fund on an annual basis.

6           ➔Section 39. **Settlement Funds:** Notwithstanding KRS 48.005(4), any funds or  
7 assets recovered by the Attorney General in connection with a lawsuit in which he or she  
8 is a party or has entered his or her appearance on behalf of the Commonwealth of  
9 Kentucky, including ex rel. or other types of actions, shall be paid directly to the  
10 Commonwealth and deposited in a distinct trust and agency account for each settlement.  
11 The Office of Attorney General may recover reasonable costs of litigation as determined  
12 by the court and approved by the Secretary of the Finance and Administration Cabinet.  
13 The amount of settlement funds used to recover costs of litigation for each settlement  
14 shall be reported to the Interim Joint Committee on Appropriations and Revenue. After  
15 recovering reasonable costs of litigation, any required consumer restitution or payments  
16 shall be made. No other funds or assets shall be disbursed from the trust and agency  
17 accounts unless appropriated by the General Assembly. Any disbursements from  
18 settlement funds placed within a trust and agency account shall be reported monthly to the  
19 Interim Joint Committee on Appropriations and Revenue.

20           ➔Section 40. **Charges for Federal, State, and Local Audits and Reviews:** Any  
21 additional expenses incurred by the Auditor of Public Accounts for required audits or  
22 reviews of Federal Funds shall be charged to the government or agency that is the subject  
23 of the audit or review. The Auditor of Public Accounts receives General Fund  
24 appropriations for audits of the statewide systems of personnel and payroll, cash and  
25 investments, revenue collection, and the state accounting system. Any expenses incurred  
26 by the Auditor of Public Accounts for any other audits or reviews shall be charged to the  
27 agency that is the subject of such audit or review. The Auditor of Public Accounts shall

1 maintain a record of all time and expenses for each audit, review, or investigation.

2 Notwithstanding KRS 43.070(3), a county audited under KRS 43.070(1)(a)1. shall  
3 bear seventy-five percent (75%) of the actual expense of the audit. A county audited  
4 under KRS 43.070(1)(a)2. or (2)(a) shall bear the total actual expense of the audit. No  
5 county shall be required to bear the expense for more than one (1) audit of the same fund  
6 or office annually pursuant to KRS 43.070(1)(a)1. or 2., except as provided in KRS  
7 64.810(4).

8 →Section 41. **Personnel Board Operating Assessment:** Each agency of the  
9 Executive Branch with employees covered by KRS Chapter 18A shall be assessed each  
10 fiscal year the amount required for the operation of the Personnel Board. The agency  
11 assessment shall be determined by the Secretary of the Finance and Administration  
12 Cabinet based on the authorized full-time positions of each agency on July 1 of each year  
13 of the biennium. The Secretary of the Finance and Administration Cabinet shall collect  
14 the assessment.

15 →Section 42. **Water Withdrawal Fees:** The water withdrawal fees imposed by  
16 the Kentucky River Authority shall not be subject to state and local taxes.  
17 Notwithstanding KRS 151.710(10), Tier I water withdrawal fees shall be used to support  
18 the operations of the Authority and for contractual services for water supply and quality  
19 studies.

20 →Section 43. **Urgent Needs School Assistance:** If a school district receives an  
21 allotment for an Urgent Needs School authorized in 2014 Ky. Acts ch. 117, Part I, A.,  
22 28., (5), 2014 Ky. Acts ch. 117, Part I, C., 1., (19)(b), and 2016 Ky. Acts ch. 149, part I,  
23 A., 28., (4) and (5) and subsequently, as a result of litigation or insurance, receives funds  
24 for the original facility, the school district shall reimburse the Commonwealth an amount  
25 equal to that received for such purposes. If the litigation or insurance receipts are less than  
26 the amount received, the district shall reimburse the Commonwealth an amount equal to  
27 that received as a result of litigation or insurance less the district's costs and legal fees in

1 securing the judgment or payment. Any funds received in this manner shall be deposited  
2 in the Budget Reserve Trust Fund Account (KRS 48.705).

3       ➔Section 44. **Real Property Disposal:** There is hereby established within the  
4 Education and Workforce Development Cabinet the Office of Employment Training  
5 Building Proceeds Fund for the support of workforce operations. Notwithstanding KRS  
6 45.229, any fund balance at the close of fiscal year 2018-2019 shall not lapse but shall be  
7 carried forward to the next fiscal year. Pursuant to KRS 45.229, any fund balance at the  
8 close of fiscal year 2019-2020 shall lapse to the surplus account of the General Fund.  
9 Notwithstanding KRS 45.777, up to \$3,000,000 of proceeds from the disposal under KRS  
10 45A.045 of any state-owned real property operated by the Office of Employment and  
11 Training shall be deposited in the Office of Employment Training Building Proceeds  
12 Fund.

13       ➔Section 45. **Office of Procurement Services Administrative Costs:**  
14 Notwithstanding KRS 47.010(1), any revenue derived from the establishment of  
15 statewide contracts by the Office of Material and Procurement Services shall be credited  
16 to a trust and agency account and shall be used to administer the program.

17       ➔Section 46. **Insurance Surcharge Rate:** Pursuant to KRS 136.392, the  
18 insurance surcharge rate shall be calculated at a rate to provide sufficient funds in the  
19 2018-2020 fiscal biennium for the Firefighters Foundation Program Fund and the  
20 Kentucky Law Enforcement Foundation Program Fund. The calculation of sufficient  
21 funds for those programs shall include any Restricted Funds carried forward from fiscal  
22 years 2017-2018 and 2018-2019 as provided by the General Assembly.

23       ➔Section 47. **Medicaid Copayments:** Notwithstanding KRS 205.6312, the  
24 Department for Medicaid Services may impose copayments for services rendered to  
25 Medicaid recipients, not to exceed the amounts permitted by federal law or waivers.

26       ➔Section 48. **Medicaid and KCHIP Premiums and Cost-Sharing:**  
27 Notwithstanding KRS 205.6312 and 205.6485(1)(c), the Department for Medicaid



1 Services may utilize premiums and cost-sharing for services rendered to Medicaid and  
2 KCHIP recipients not to exceed amounts permitted by federal law or waivers. KCHIP  
3 premiums are suspended for the 2018-2020 biennium.

4 →Section 49. **Assessment on Insurers:** Notwithstanding KRS 304.17B-021 or  
5 any other provision of the Kentucky Revised Statutes to the contrary, for participating  
6 insurers who offer Qualified Health Plans, as defined in 42 U.S.C. sec. 18021, being sold  
7 on the Federal Exchange in the individual market segment, the assessment in KRS  
8 304.17B-021(1)(a) 2. to 4. may be waived or assessed at any rate between zero and one  
9 percent for the 2019 or 2020 Plan Year on any health benefit plan premium written by  
10 that insurer in the individual market segment.

11 →Section 50. **Pro Rata Assessment:** The Personnel Cabinet shall collect a pro  
12 rata assessment from all state agencies, in all three branches of government, and other  
13 organizations that are supported by the System. Those collections shall be deposited and  
14 retained in a Restricted Funds account within the Personnel Cabinet.

15 →Section 51. **Service Capacity Upgrade Fund:** Notwithstanding KRS  
16 341.243(4) and (7), beginning July 1, 2018, seventy-five thousandths of one percent shall  
17 be withheld from each rate established under KRS 341.270 and 341.272, only if the  
18 Unemployment Insurance Trust Fund balance exceeds the balance of the trust fund as of  
19 December 31, 2017, and shall be deposited in the Service Capacity Upgrade Fund and  
20 used solely in accordance with KRS 341.243(2) and as provided by the General  
21 Assembly. The Secretary of the Education and Workforce Development Cabinet may  
22 exercise his or her discretion to reduce the percentage rate established in this subsection  
23 or suspend required payments to the Service Capacity Upgrade Fund at any time.

24 →Section 52. **Premium and Retaliatory Taxes:** Notwithstanding KRS 304.17B-  
25 021(4)(d), premium taxes collected under KRS Chapter 136 from any insurer and  
26 retaliatory taxes collected under KRS 304.3-270 from any insurer shall be credited to the  
27 General Fund.

1           ➔Section 53. **Monthly Per Employee Health Insurance Benefits Assessment:**

2       The Personnel Cabinet shall collect a benefits assessment per month per employee  
3       eligible for health insurance coverage in the state group for duly authorized use by the  
4       Personnel Cabinet in administering its statutory and administrative responsibilities,  
5       including but not limited to administration of the Commonwealth's health insurance  
6       program.

7           ➔Section 54. **Surplus Property:** Notwithstanding KRS 45.777, any funds  
8       received by the Commonwealth from the disposal of any surplus property at the Kentucky  
9       School for the Blind, the Kentucky School for the Deaf, and the FFA Leadership Training  
10      Center shall be deposited in a separate restricted account for each facility and shall not be  
11      expended without appropriation authority granted by the General Assembly.

12          ➔Section 55. **Publishing Requirements:** Notwithstanding KRS 83A.060,  
13      91A.040, and Chapter 424, a county containing a population of more than 90,000 or any  
14      city within a county containing a population of more than 90,000, as determined by the  
15      2010 United States Census, may publish enacted ordinances, audits, and bid solicitations  
16      by posting the full ordinances, the full audit report including the auditor's opinion letter,  
17      or the bid solicitations on an Internet Web site maintained by the county or city  
18      government for a period of at least one year. If a county or city publishes ordinances,  
19      audits, or bid solicitations on an Internet Web site, the county or city shall also publish an  
20      advertisement, in a newspaper qualified in accordance with KRS 424.120, with a  
21      description of the ordinances, audits, or bid solicitations published on the Internet Web  
22      site, including the Uniform Resource Locator (URL) where the documents can be viewed.

23          ➔Section 56. **Personnel of the Teachers' Retirement System:** Notwithstanding  
24      KRS 161.230, 161.340(2), or any statute to the contrary, the Teachers' Retirement System  
25      Board of Trustees shall authorize the Executive Secretary to appoint the employees  
26      deemed necessary to transact the business of the system. All employees of the system,  
27      except for the Executive Secretary, shall be subject to the state personnel system

1 established pursuant to KRS 18A.005 to 18A.204 and shall have their salaries determined  
2 by the Secretary of the Personnel Cabinet.

3 →Section 57. **Severability of Provisions:** If any section, any subsection, or any  
4 provision of this Act is found by a court of competent jurisdiction in a final, unappealable  
5 order to be invalid or unconstitutional, the decision of the court shall not affect or impair  
6 any of the remaining sections, subsections, or provisions.

7 →Section 58. Sections 36 to 48 and 50 to 56 of this Act are effective for and apply  
8 to the fiscal year beginning July 1, 2018, and ending June 30, 2019, and the fiscal year  
9 beginning July 1, 2019, and ending June 30, 2020, and shall expire at the end of June 30,  
10 2020.

11 →Section 59. Section 45 of this Act is effective for and applies to the plan year  
12 beginning January 1, 2019, and ending December 31, 2019, and the plan year beginning  
13 January 1, 2020, and ending December 31, 2020, and shall expire at the end of December  
14 31, 2020.

15 →Section 60. Whereas this Act applies to the balancing of the Executive Branch  
16 Budget, an emergency is declared to exist, and Section 1 to 33 and 36 to 59 of this Act  
17 take effect upon its passage and approval by the Governor or upon its otherwise becoming  
18 a law.

19 →Section 61. Whereas the public school year begins on July 1, an emergency is  
20 declared to exist, and Sections 34 and 35 of this Act take effect July 1, 2018.