CHAPTER 1

(HB 1)

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

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

PART I

OPERATING BUDGET

(1) Funds Appropriations: There is appropriated out of the General Fund, Road Fund, Restricted Funds accounts, Federal Funds accounts, or Bond Funds accounts for the fiscal year beginning July 1, 2009, and ending June 30, 2010, for the fiscal year beginning July 1, 2010, and ending June 30, 2011, and for the fiscal year beginning July 1, 2011, and ending June 30, 2012, the following discrete sums, or so much thereof as may be necessary. Appropriated funds are included pursuant to KRS 48.700 and 48.710. Each appropriation is made by source of respective fund or funds accounts. Appropriations for the following officers, cabinets, departments, boards, commissions, institutions, subdivisions, agencies, and budget units of the state government, and any and all other activities of the government of the Commonwealth, are subject to the provisions of Chapters 12, 42, 45, and 48 of the Kentucky Revised Statutes and compliance with the conditions and procedures set forth in this Act.

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

A. GENERAL GOVERNMENT

Budget Units

1. OFFICE OF THE GOVERNOR

	2010-11	2011-12
General Fund	6,077,800	6,017,000

(1) Housing Allowance for the Lieutenant Governor: Included in the above General Fund appropriation for the Office of the Governor is $2,500 monthly as a housing allowance for the Lieutenant Governor's Office.

2. OFFICE OF STATE BUDGET DIRECTOR

	2010-11	2011-12
General Fund	3,175,400	3,143,600
Restricted Funds	100,000	100,000
TOTAL	3,275,400	3,243,600

3. STATE PLANNING FUND

	2010-11	2011-12
General Fund	181,200	179,400

4. HOMELAND SECURITY

	2010-11	2011-12
General Fund	212,300	210,200
Restricted Funds	1,207,700	1,240,100
Federal Funds	21,771,600	21,314,100
Road Fund	250,000	250,000
TOTAL	23,441,600	23,014,400

5. DEPARTMENT OF VETERANS' AFFAIRS

	2010-11	2011-12
General Fund	16,651,100	16,976,600
Restricted Funds	28,236,300	28,767,000
TOTAL	44,887,400	45,743,600

(1) Weekend and Holiday Premium Pay Incentive: The Kentucky Veterans' Centers are authorized to continue the weekend and holiday premium pay incentive component of the Personnel Pilot Program for the 2010-2012 fiscal biennium.

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

(3) Veterans' Service Organization Funding: Included in the above General Fund appropriation is $100,000 in each fiscal year for grants to the Veterans' Service Organization programs.

(4) Veterans' Cemetery Northeast: Included in the above General Fund appropriation is $55,000 in fiscal year 2010-2011 for the personnel and operating expenses of the Veterans' Cemetery Northeast in Greenup County.

(5) Debt Service - Fourth State Veterans' Nursing Home: If any debt service is required for the issuance of bonds for the construction of the Fourth State Veterans' Nursing Home authorized in Part II, Capital Projects Budget, of this Act in fiscal year 2010-2011 or fiscal year 2011-2012, it shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705). No bonds shall be sold for this project until it has been approved by the United States Department of Veterans' Affairs and the Commonwealth has been notified by the United States Department of Veterans' Affairs that federal funds are available to support this construction.

(6) Debt Service: Included in the above General Fund appropriation is $140,000 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

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

6. GOVERNOR'S OFFICE OF AGRICULTURAL POLICY

	2010-11	2011-12
General Fund (Tobacco)	30,529,000	17,691,600
Restricted Funds	605,700	451,300
Federal Funds	500,000	500,000
TOTAL	31,634,700	18,642,900

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

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

(3) Agricultural Development Appropriations: Notwithstanding KRS 248.703(1), included in the above General Fund (Tobacco) appropriation is $16,419,375 in fiscal year 2010-2011 and $16,419,375 in fiscal year 2011-2012 for the counties account as specified in KRS 248.703(1)(a).

7. KENTUCKY INFRASTRUCTURE AUTHORITY

	2010-11	2011-12

General Fund	2,429,900	5,739,600
Restricted Funds	14,927,100	34,136,600
Federal Funds	150,269,200	56,879,600
TOTAL	167,626,200	96,755,800

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

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

(3) Debt Service: Included in the above General Fund appropriation is $899,500 in fiscal year 2010-2011 and $2,574,500 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(4) Debt Service for Previously Overprogrammed Water and Sewer Infrastructure Projects: Included in the above General Fund appropriation is $1,650,000 in fiscal year 2011-2012 for new debt service to support bonds as set forth in Part II, Capital Projects Budget, of this Act.

8. MILITARY AFFAIRS

	2010-11	**2011-12**
General Fund	9,678,500	8,947,900
Restricted Funds	42,460,800	39,328,200
Federal Funds	42,685,200	42,685,200
TOTAL	94,824,500	90,961,300

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

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

9. COMMISSION ON HUMAN RIGHTS

	2010-11	**2011-12**
General Fund	1,721,500	1,704,300
Federal Funds	256,200	256,100
TOTAL	1,977,700	1,960,400

10. COMMISSION ON WOMEN

	2010-11	**2011-12**
General Fund	212,100	210,000

11. DEPARTMENT FOR LOCAL GOVERNMENT

	2010-11	2011-12
General Fund	8,558,500	8,766,900
Restricted Funds	200,000	200,000
Federal Funds	59,807,700	58,572,900
TOTAL	68,566,200	67,539,800

(1) Debt Service: Included in the above General Fund appropriation is $294,000 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) Support of the 12 Multi-County Regional Industrial Park Authorities: Included in the above Restricted Funds appropriation is $200,000 in fiscal year 2010-2011 and $200,000 in fiscal year 2011-2012 in support of the 12 Multi-County regional industrial park authorities. Funds shall be distributed equally to the 12 Multi-County regional industrial park authorities for marketing and maintenance of the industrial parks and the procurement of property and casualty insurance on the parks.

[~~**(3) Infrastructure Improvement:** Included in the above General Fund appropriation is $1,300,000 in fiscal year 2010-2011 to the Hopkins County Fiscal Court for the Hopkins County Fairgrounds Phase II project.~~

~~**(4) Infrastructure Improvement:** Included in the above General Fund appropriation is $1,000,000 in fiscal year 2010-2011 to the City of Liberty in Casey County for the replacement of two water tanks.~~] *(Veto Item #1)*

12. LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	2010-11	2011-12
General Fund	54,422,100	67,281,600

13. LOCAL GOVERNMENT ECONOMIC DEVELOPMENT FUND

	2010-11	2011-12
General Fund	39,313,000	37,743,300

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

(2) Kentucky Workers' Compensation Funding Commission: Notwithstanding KRS 342.122(1)(c), no General Fund appropriation is provided to the Kentucky Workers' Compensation Funding Commission in fiscal year 2010-2011 and fiscal year 2011-2012.

(3) Osteopathic Medicine Scholarship Program: The transfer of moneys from the General Fund to the Local Government Economic Development Fund shall be made after the transfer to the Osteopathic Medicine Scholarship Program has been made pursuant to KRS 164.7891(11) and (12) in the amount of $901,800 in fiscal year 2010-2011 and $872,500 in fiscal year 2011-2012 within the Kentucky Higher Education Assistance Authority.

(4) Trover Clinic Grant: Notwithstanding KRS 42.4582 and 42.4585, the quarterly calculation and transfer of the funds shall be made only after each quarterly installment of the annual appropriation of $1,000,000 in fiscal year 2010-2011 and $1,000,000 in fiscal year 2011-2012 has been credited to the Trover Clinic Grant within the Department for Local Government.

(5) Pharmacy Scholarship Fund: Notwithstanding KRS 164.7901(11) to (13), no funds shall be transferred to the Pharmacy Scholarship Program Fund within the Kentucky Higher Education Assistance Authority in fiscal year 2010-2011 and fiscal year 2011-2012.

(6) Mine Safety: Notwithstanding KRS 42.4582 and 42.4585, the quarterly calculation and transfer of moneys from the General Fund to the Local Government Economic Development Fund shall be made only after each quarterly installment of the annual appropriation of $4,300,000 in fiscal year 2010-2011 and $4,400,000 in fiscal year 2011-2012 has been made to the Office of Mine Safety and Licensing, Natural Resources budget unit.

(7) School Facilities Construction Commission - 2002-2004: Notwithstanding KRS 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties through the Local Government Economic Development Fund in fiscal year 2010-2011 shall be made only after funds totaling $4,617,900, and in fiscal year

2011-2012 shall be made only after funds totaling $4,617,900, are appropriated as General Fund moneys to the School Facilities Construction Commission budget unit to provide debt service to support previously authorized bonds authorized in 2003 Ky. Acts ch. 156.

(8) Water and Sewer Resources Development Fund for Coal-Producing Counties - 2002-2004: Notwithstanding KRS 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties through the Local Government Economic Development Fund shall be made only after each quarterly installment of the annual appropriation of $4,091,400 in fiscal year 2010-2011 and $4,091,400 in fiscal year 2011-2012 is appropriated as General Fund moneys to the Finance and Administration Cabinet, Debt Service budget unit, to provide General Fund debt service to support previously authorized bonds for the Water and Sewer Resources Development Fund for Coal-Producing Counties authorized in 2003 Ky. Acts ch. 156.

(9) KIA Infrastructure for Economic Development Fund for Coal-Producing Counties - 2004-2006: Notwithstanding KRS 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties through the Local Government Economic Development Fund shall be made only after each quarterly installment of the annual appropriation of $694,200 in fiscal year 2011-2012 is appropriated as General Fund moneys to the Finance and Administration Cabinet, Debt Service budget unit, to provide General Fund debt service to support a portion of the previously authorized bonds for the KIA Infrastructure for Economic Development Fund for Coal-Producing Counties authorized in 2005 Ky. Acts ch. 173.

(10) Infrastructure for Economic Development Fund for Coal-Producing Counties - 2006-2008: Notwithstanding KRS 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties through the Local Government Economic Development Fund shall be made only after each quarterly installment of the annual appropriation of $8,676,300 in fiscal year 2010-2011 and $8,562,300 in fiscal year 2011-2012 is appropriated as General Fund moneys to the Finance and Administration Cabinet, Debt Service budget unit, to provide General Fund debt service to support previously authorized bonds for the Infrastructure for Economic Development Fund for Coal-Producing Counties authorized in 2006 Ky. Acts ch. 252.

(11) Infrastructure for Economic Development Fund for Coal-Producing Counties - 2008-2010: Notwithstanding KRS 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties through the Local Government Economic Development Fund shall be made only after each quarterly installment of the annual appropriation of $7,557,600 in fiscal year 2010-2011 and $7,538,000 in fiscal year 2011-2012 is appropriated as General Fund moneys to the Kentucky Infrastructure Authority budget unit, to provide General Fund debt service to support previously authorized bonds for the Infrastructure for Economic Development Fund for Coal-Producing Counties authorized in 2008 Ky. Acts ch. 127.

(12) Read to Achieve: Notwithstanding KRS 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties through the Local Government Economic Development Fund shall be made only after each quarterly installment of the annual appropriation of $3,000,000 in fiscal year 2010-2011 and $3,000,000 in fiscal year 2011-2012 is appropriated as General Fund moneys to the Learning and Results Services budget unit for the Read to Achieve Program within the Department of Education.

(13) Robinson Scholars Program: Notwithstanding KRS 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties through the Local Government Economic Development Fund shall be made only after each quarterly installment of the annual appropriation of $1,000,000 in fiscal year 2010-2011 and $1,000,000 in fiscal year 2011-2012 is appropriated as General Fund moneys to the University of Kentucky budget unit for the Robinson Scholars Program.

(14) Kentucky Infrastructure Authority: Notwithstanding KRS 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties through the Local Government Economic Development Fund shall be made only after each quarterly installment of the annual appropriation of $370,000 in fiscal year 2010-2011 and $370,000 in fiscal year 2011-2012 is appropriated as General Fund moneys to the Kentucky Infrastructure Authority budget unit.

(15) Department for Local Government: Notwithstanding KRS 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties through the Local Government Economic Development Fund shall be made only after each quarterly installment of the annual appropriation of $669,700 in fiscal year 2010-2011 and $669,700 in fiscal year 2011-2012 is appropriated as General Fund moneys to the Department for Local Government budget unit.

(16) Mining Engineering Scholarship Program: Notwithstanding KRS 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties through the Local Government Economic Development Fund shall be made only after each quarterly installment of the annual appropriation of $300,000 in fiscal year 2010-2011 and $300,000 in fiscal year 2011-2012 is appropriated as General Fund moneys to the University of Kentucky budget unit for the Mining Engineering Scholarship Program.

(17) School Technology in Coal Counties: Notwithstanding KRS 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties through the Local Government Economic Development Fund shall be made only after each quarterly installment of the annual appropriation of $2,500,000 in fiscal year 2010-2011 and $2,500,000 in fiscal year 2011-2012 is appropriated as General Fund moneys to the Operations and Support Services budget unit within the Department of Education for the purpose of enhancing education technology in local school districts within coal-producing counties.

(18) KIA Infrastructure for Economic Development Fund for Coal-Producing Counties - 2004-2006: Notwithstanding KRS 42.4588, funds totaling $6,480,900 in fiscal year 2010-2011 and $5,778,500 in fiscal year 2011-2012 shall be transferred from the Local Government Economic Development Fund, Multi-County Fund, to the General Fund to be used by the Finance and Administration Cabinet, Debt Service budget unit, to support a portion of the previously authorized bonds for the Infrastructure for Economic Development Fund for Coal-Producing Counties authorized in 2005 Ky. Acts ch. 173.

(19) Drug Courts: Notwithstanding KRS 42.4588, $1,800,000 in fiscal year 2010-2011 and $1,800,000 in fiscal year 2011-2012 shall be transferred from the Local Government Economic Development Fund, Multi-County Fund, to the Drug Court Program in the Office of Drug Control Policy, Justice Administration budget unit.

(20) Operation Unite: Notwithstanding KRS 42.4588, funds totaling $2,000,000 in fiscal year 2010-2011 and $2,000,000 in fiscal year 2011-2012 shall be transferred from the Local Government Economic Development Fund, Multi-County Fund, to the Office of Drug Control Policy, Justice Administration budget unit, for Operation Unite in relation to the Federal Task Force on Drug Abuse.

(21) Energy Research and Development Fund: (a) Notwithstanding KRS 42.4588, $3,500,000 in fiscal year 2010-2011 and $3,500,000 in fiscal year 2011-2012 shall be transferred from the Local Government Economic Development Fund, Multi-County Fund, to the Energy Development and Independence budget unit. These funds shall be used, except as specified in paragraph (b) of this subsection, for research projects relating to clean coal, new combustion technology, thin-seam coal extraction safety, tracking and communication devices, coal slurry disposal, synthetic natural gas produced from coal through gasification processes, and the development of alternative transportation fuels produced by processes that convert coal or biomass resources or extract oil from oil shale, and other coal research and shall be targeted solely to Kentucky's Local Government Economic Development Fund-eligible counties. The Department for Energy Development and Independence shall coordinate its efforts with those of Kentucky's universities and related Kentucky Community and Technical College System programs in order to maximize Kentucky's opportunities for federal funding and receive research grants and awards from federal and other sources of funding for the development of clean coal technology, coal-to-liquid-fuel conversion, alternate transportation fuels, and biomass energy resources.

(b) Included in the Restricted Funds appropriation in paragraph (a) of this subsection is $1,000,000 in fiscal year 2010-2011 and $1,000,000 in fiscal year 2011-2012 which shall not be expended unless matched with federal or private funds for the purpose of supporting research and development activities at the University of Kentucky Center for Applied Energy Research.

(22) Support of the 12 Multi-County Regional Industrial Park Authorities: Notwithstanding KRS 42.4588, funds totaling $200,000 in fiscal year 2010-2011 and $200,000 in fiscal year 2011-2012 shall be transferred from the Local Government Economic Development Fund, Multi-County Fund, to the Department for Local Government budget unit to be distributed equally to the 12 Multi-County regional industrial park authorities located in coal counties to be used for marketing and maintenance of the industrial parks and for procurement of property and casualty insurance on the parks.

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

(24) Parameters for County Flexibility: Notwithstanding KRS 42.4588(2), Local Government Economic Development Fund allocations may be used to support the nonrecurring investments in public health and safety, economic development, public infrastructure, information technology development and access, and public water and

wastewater development, with the concurrence of both the respective fiscal court and the Department for Local Government or the Kentucky Infrastructure Authority, as appropriate.

(25) Kentucky Wood Products Competitiveness Corporation: Notwithstanding KRS 42.4586, no funds shall be transferred to the Secondary Wood Products Development Fund.

[~~**(26) Multi-County Fund:** Notwithstanding KRS 42.4588, no grants shall be made from the Local Government Economic Development Fund, Multi-County Fund, without authorization from the General Assembly, unless the grant is for an industrial development project as specified in KRS 42.4588(2)(a).~~] *(Veto Item #2)*

14. AREA DEVELOPMENT FUND

	2010-11	**2011-12**
General Fund	569,600	563,900

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

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

15. EXECUTIVE BRANCH ETHICS COMMISSION

	2010-11	**2011-12**
General Fund	451,700	447,200
Restricted Funds	61,000	61,000
TOTAL	512,700	508,200

16. SECRETARY OF STATE

	2010-11	**2011-12**
General Fund	1,771,400	1,753,700
Restricted Funds	1,081,300	1,092,300
TOTAL	2,852,700	2,846,000

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

17. BOARD OF ELECTIONS

	2010-11	**2011-12**
General Fund	3,930,500	3,891,200
Restricted Funds	175,900	160,000
Federal Funds	6,305,500	5,305,500
TOTAL	10,411,900	9,356,700

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

(2) Cost of Elections: Notwithstanding KRS 116.145, the State Board of Elections shall set a rate for the fee for new voter registration paid to the county clerks within the available appropriated resources. The State Board of Elections shall also set a fixed rate for the expenses outlined in KRS 117.343 within the available appropriated

resources. Notwithstanding KRS 117.345(2), the State Board of Elections shall set a rate for the expenses outlined in KRS 117.345(2) for precincts with a voting machine within the available appropriated resources, not to exceed $300 per precinct per election. These rates and all assumptions as to the number of precincts, registered voters, and new voter registrations shall be communicated to the Secretary of the Finance and Administration Cabinet and the State Budget Director by November 1, 2010, for fiscal year 2010-2011 and by November 1, 2011, for fiscal year 2011-2012.

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

18. REGISTRY OF ELECTION FINANCE

	2010-11	**2011-12**
General Fund	1,177,700	1,165,900

19. ATTORNEY GENERAL

	2010-11	**2011-12**
General Fund	10,861,200	10,752,500
Restricted Funds	9,238,800	9,254,600
Federal Funds	4,641,700	3,410,800
TOTAL	24,741,700	23,417,900

(1) Expert Witnesses: In addition to such funds as may be appropriated, the Office of the Attorney General may request from the Finance and Administration Cabinet, as a necessary government expense, such funds as may be necessary for expert witnesses. Upon justification of the request, the Finance and Administration Cabinet shall provide up to $275,000 for the 2010-2012 fiscal biennium for this purpose to the Office of the Attorney General. The Department of Insurance shall provide the Office of the Attorney General any available information to assist in the preparation of a rate hearing pursuant to KRS 304.17A-095.

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

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

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

(5) Reasonable Costs of Litigation: Notwithstanding KRS 48.005(4) and (6), the Office of the Attorney General may first recover its reasonable costs of litigation, as determined by the court and approved by the Secretary of the Finance and Administration Cabinet, and any remaining funds after consumer restitution is made shall be deposited in the General Fund Surplus Account (KRS 48.700). Any costs recovered under this subsection shall be reported to the Interim Joint Committee on Appropriations and Revenue.

(6) Compensatory Leave Conversion to Sick Leave: If the Office of the Attorney General determines that internal budgetary pressures warrant further austerity measures, the Attorney General may institute a policy to

suspend payment of 50 hour blocks of compensatory time for those attorneys who have accumulated 240 hours of compensatory time and instead convert those hours to sick leave.

20. UNIFIED PROSECUTORIAL SYSTEM

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

a. Commonwealth's Attorneys

	2010-11	2011-12
General Fund	35,628,300	35,272,000
Restricted Funds	1,453,500	1,440,200
Federal Funds	284,400	145,100
TOTAL	37,366,200	36,857,300

b. County Attorneys

	2010-11	2011-12
General Fund	30,547,600	30,242,100
Restricted Funds	303,700	303,700
Federal Funds	499,900	499,900
TOTAL	31,351,200	31,045,700

TOTAL - UNIFIED PROSECUTORIAL SYSTEM

	2010-11	2011-12
General Fund	66,175,900	65,514,100
Restricted Funds	1,757,200	1,743,900
Federal Funds	784,300	645,000
TOTAL	68,717,400	67,903,000

21. TREASURY

	2010-11	2011-12
General Fund	1,646,200	1,629,700
Restricted Funds	1,035,400	1,053,300
Road Fund	250,000	250,000
TOTAL	2,931,600	2,933,000

(1) Unclaimed Property Fund: Included in the above Restricted Funds appropriation is a recurring transfer from the Unclaimed Property Fund. In each respective fiscal year of the 2010-2012 fiscal biennium, $1,035,400 and $1,053,300 is appropriated to provide funding for services performed by the Unclaimed Property Division of the Department of the Treasury.

22. AGRICULTURE

	2010-11	2011-12
General Fund	17,095,800	16,924,800
Restricted Funds	9,773,200	8,101,100
Federal Funds	5,006,400	5,012,400
TOTAL	31,875,400	30,038,300

(1) Purchase of Agricultural Conservation Easement (PACE) Program: The Purchase of Agricultural Conservation Easement (PACE) board may contract directly with land surveyors, real estate appraisers, and other licensed professionals as necessary. The Department of Agriculture may receive funds from local and private sources to match Federal Funds for the PACE Program.

(2) Metrology Lab Operating Fees: The Department of Agriculture may promulgate administrative regulations establishing license fees, testing fees, and any other fees necessary to operate and maintain a metrology lab in the Department of Agriculture. These Restricted Funds receipts shall be utilized for personnel and operations of the metrology lab.

(3) County Fair Grants: Included in the above General Fund appropriation is $495,000 in fiscal year 2010-2011 and $495,000 in fiscal year 2011-2012, which shall be subject to any General Fund Reduction Order, to support capital improvement grants to the Local Agricultural Fair State Aid Program.

(4) Staffing Support for the World Equestrian Games: Included in the above General Fund appropriation are funds in fiscal year 2010-2011 for the Office of the State Veterinarian to provide staffing support for the quarantine site in northern Kentucky for the World Equestrian Games.

(5) Farms to Food Banks Program: Included in the above Restricted Funds appropriation are funds in fiscal year 2010-2011 to support the Farms to Food Banks program to benefit both Kentucky farmers and the needy by providing fresh, locally grown produce to food pantries.

23. AUDITOR OF PUBLIC ACCOUNTS

	2010-11	**2011-12**
General Fund	4,625,800	4,579,500
Restricted Funds	5,129,500	4,964,500
TOTAL	9,755,300	9,544,000

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

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

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

(4) Charges for Mandated Audits: Any expenses incurred by the Auditor of Public Accounts for auditing individual government entities when mandated by the Legislative Research Commission shall be charged to the agency or entity receiving audit services.

24. PERSONNEL BOARD

	2010-11	**2011-12**
Restricted Funds	777,900	777,900

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

(2) Special Assessment: As a result of increased workload or for other reasons in the best interest of the State Merit System, the Chairman of the Personnel Board may request a special assessment to adequately provide for the financial needs and operations of the Personnel Board. Any special assessment for Personnel Board operations shall receive the prior approval of the State Budget Director and the Secretary of the Finance and Administration Cabinet. Should a special assessment be approved, it shall be uniformly implemented with the same procedures as the regular Personnel Board Operating Assessment.

25. KENTUCKY RETIREMENT SYSTEMS

	2010-11	2011-12
Restricted Funds	26,191,000	26,191,000

(1) Dependent Subsidy for Retirees - Kentucky Employee Retirement System: From July 1, 2010, through June 30, 2012, in addition to the benefits conferred under KRS 61.702, a recipient of a nonhazardous monthly retirement allowance shall also be eligible for the dependent subsidy as provided under the terms established by the State Group Health Insurance Program. The dependent subsidy conferred to recipients of a nonhazardous monthly retirement allowance shall not be considered as a benefit protected by the inviolable contract provisions of KRS 16.652, 61.692, and 78.852.

(2) Dependent Subsidy for Retirees - County Employees Retirement System: From July 1, 2010, through June 30, 2012, in addition to the benefits conferred under KRS 61.702, a recipient of a nonhazardous monthly retirement allowance shall also be eligible for the dependent subsidy as provided under the terms established by the State Group Health Insurance Program. The dependent subsidy conferred to recipients of a nonhazardous monthly retirement allowance shall not be considered as a benefit protected by the inviolable contract provisions of KRS 16.652, 61.692, and 78.852.

26. OCCUPATIONAL AND PROFESSIONAL BOARDS AND COMMISSIONS

a. Accountancy

	2010-11	2011-12
Restricted Funds	630,500	637,500

b. Certification of Alcohol and Drug Counselors

	2010-11	2011-12
Restricted Funds	67,200	67,200

c. Architects

	2009-10	2010-11	2011-12
Restricted Funds	15,000	409,000	416,300

d. Certification for Professional Art Therapists

	2010-11	2011-12
Restricted Funds	11,400	11,400

e. Auctioneers

	2010-11	2011-12
Restricted Funds	403,800	405,700

f. Barbering

	2009-10	2010-11	2011-12
Restricted Funds	13,100	310,000	314,900

g. Chiropractic Examiners

	2010-11	2011-12
Restricted Funds	274,600	279,000

h. Dentistry

	2009-10	2010-11	2011-12
Restricted Funds	50,000	705,400	714,000

i. Licensure and Certification for Dietitians and Nutritionists

	2010-11	2011-12
Restricted Funds	69,600	69,600

j. Embalmers and Funeral Directors

	2009-10	2010-11	2011-12
Restricted Funds	26,200	366,200	373,100

k. Licensure for Professional Engineers and Land Surveyors

	2010-11	2011-12
Restricted Funds	1,445,300	1,466,800

l. Certification of Fee-Based Pastoral Counselors

	2010-11	2011-12
Restricted Funds	3,500	3,500

m. Registration for Professional Geologists

	2010-11	2011-12
Restricted Funds	115,000	115,000

n. Hairdressers and Cosmetologists

	2010-11	2011-12
Restricted Funds	1,174,000	1,194,500

o. Specialists in Hearing Instruments

	2010-11	2011-12
Restricted Funds	52,700	52,700

p. Interpreters for the Deaf and Hard of Hearing

	2010-11	2011-12
Restricted Funds	31,000	31,000

q. Examiners and Registration of Landscape Architects

	2009-10	2010-11	2011-12
Restricted Funds	5,200	67,700	68,900

r. Licensure of Marriage and Family Therapists

	2010-11	2011-12
Restricted Funds	83,200	83,200

s. Licensure for Massage Therapy

	2010-11	2011-12
Restricted Funds	120,700	120,700

t. Medical Licensure

	2010-11	2011-12
Restricted Funds	2,658,600	2,684,300

u. Nursing

	2010-11	2011-12
Restricted Funds	5,517,700	5,615,500

v. Licensure for Nursing Home Administrators

		2010-11	2011-12
Restricted Funds		47,000	47,000

w. Licensure for Occupational Therapy

		2010-11	2011-12
Restricted Funds		107,600	107,600

x. Ophthalmic Dispensers

		2010-11	2011-12
Restricted Funds		57,400	57,400

y. Optometric Examiners

	2009-10	2010-11	2011-12
Restricted Funds	5,700	179,300	181,800

z. Pharmacy

		2010-11	2011-12
Restricted Funds		1,367,800	1,392,200

aa. Physical Therapy

		2010-11	2011-12
Restricted Funds		398,900	407,900

ab. Podiatry

		2010-11	2011-12
Restricted Funds		24,700	24,700

ac. Private Investigators

		2010-11	2011-12
Restricted Funds		80,000	80,000

ad. Licensed Professional Counselors

		2010-11	2011-12
Restricted Funds		126,800	126,800

ae. Proprietary Education

		2010-11	2011-12
Restricted Funds		206,800	206,800

af. Examiners of Psychology

		2010-11	2011-12
Restricted Funds		191,100	191,100

ag. Real Estate Appraisers

		2010-11	2011-12
Restricted Funds		684,900	694,300

ah. Real Estate Commission

		2010-11	2011-12

Restricted Funds		2,174,300	2,200,000

ai. Respiratory Care

	2009-10	2010-11	2011-12
Restricted Funds	2,500	190,900	193,800

aj. Social Work

	2009-10	2010-11	2011-12
Restricted Funds	22,900	226,300	230,100

ak. Speech-Language Pathology and Audiology

	2010-11	2011-12
Restricted Funds	157,200	157,200

al. Veterinary Examiners

	2010-11	2011-12
Restricted Funds	237,800	237,800

TOTAL - OCCUPATIONAL AND PROFESSIONAL BOARDS AND COMMISSIONS

	2009-10	2010-11	2011-12
Restricted Funds	140,600	20,975,900	21,261,300

27. KENTUCKY RIVER AUTHORITY

	2010-11	2011-12
General Fund	257,700	255,100
Restricted Funds	4,548,800	3,814,500
TOTAL	4,806,500	4,069,600

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

28. SCHOOL FACILITIES CONSTRUCTION COMMISSION

	2010-11	2011-12
General Fund	101,433,100	102,802,000

(1) Debt Service: Included in the above General Fund appropriation is $4,050,000 in fiscal year 2010-2011 and $12,656,200 in fiscal year 2011-2012 for new debt service to support bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) Urgent Need School Trust Fund: (a) The Urgent Need School Trust Fund is established in the Finance and Administration Cabinet for the purpose of assisting school districts that have urgent and critical construction needs. The Urgent Need School Trust Fund shall be administered by the School Facilities Construction Commission. The fund may receive state appropriations, contributions, and grants from any source which shall be credited to the trust fund and invested until needed. All interest earned on the fund shall be retained in the trust fund. Notwithstanding KRS 45.229, moneys in the trust fund shall not lapse but shall carry forward at the end of each fiscal year.

(b) A local school district that has escrowed urgent need funds may use these funds to purchase property and to perform site work on purchased property.

(c) Notwithstanding KRS 157.611 to 157.640, 157.650, 157.655, 157.660, or 157.665, the School Facilities Construction Commission is authorized to make additional offers of assistance of up to $65,494,000 to address the requirements of Part I, C., 4., (18) of this Act.

(d) Included in the above appropriation are sufficient funds to meet the requirements of Part II, A., 12., 004. of this Act.

(3) Additional Offers of Assistance: Notwithstanding KRS 157.611 to 157.640, 157.650, 157.655, 157.660, or 157.665, the School Facilities Construction Commission is authorized to make an additional $100,000,000 in offers of assistance during the 2010-2012 biennium in anticipation of debt service availability during the 2012-2014 biennium. No bonded indebtedness based on the above amount is to be incurred during the 2010-2012 biennium.

29. TEACHERS' RETIREMENT SYSTEM

	2010-11	**2011-12**
General Fund	219,491,900	238,637,000
Restricted Funds	11,428,700	12,030,300
TOTAL	230,920,600	250,667,300

(1) State Retirement Obligations: Notwithstanding KRS 161.550, General Fund moneys are appropriated to comply with the obligations of the state under the Teachers' Retirement System statutes as provided in KRS 161.220 to 161.716.

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

(3) Amortization of Sick Leave: Included in the above General Fund appropriation is $6,516,600 in fiscal year 2010-2011 and $13,674,800 in fiscal year 2011-2012 to provide the cost of amortizing the requirements of KRS 161.155, relating to sick leave, for members retiring during the 2010-2012 fiscal biennium.

(4) State Medical Insurance Fund Financing: Notwithstanding KRS 161.420 and 161.550, a portion of the state employer contribution in a sufficient amount shall be allocated to the Teachers' Retirement System Medical Insurance Fund instead of the State Accumulation Fund. Also, included in the above General Fund appropriation is $74,693,700 in debt service in fiscal year 2010-2011 and $95,281,200 in fiscal year 2011-2012 for bonds issued to fulfill existing state obligations to the State Accumulation Fund due to borrowings from the fund on behalf of the Medical Insurance Fund. The debt service will also support bonds issued in support of the Medical Insurance Fund for projected needs during the 2010-2012 fiscal biennium, the increased costs to state agencies, and medical coverage for new under-65 retirees net of the Medicare equivalent contribution made by the under-65 retiree.

(5) Dependent Subsidy for Retirees under age 65: Notwithstanding KRS 161.675(4)(a) and (b), from July 1, 2010, through June 30, 2012, for all retirees under the age of 65 who participate in the Kentucky Group Health Insurance Program through the Kentucky Teachers' Retirement System, the Kentucky Teachers' Retirement System shall pay the same dependent subsidy that Executive Branch agencies pay for their active employees who have similar coverage. The dependent subsidy is not subject to KRS 161.714.

(6) Highly Skilled Educators' Retirement Benefits: Salary supplements received by persons selected as highly skilled educators on or after July 1, 2000, shall not be included in the total salary compensation for any retirement benefits to which the employee may be entitled.

(7) Supplemental Health Insurance Funding: Notwithstanding KRS 161.675(4)(a) and (b), included in the above General Fund appropriation is $50,000 in each fiscal year to enable the retirement system to provide a subsidy from July 1, 2010, through June 30, 2012, for those retired state members over age 65 that insure their spouses under age 65 through the state health insurance plan. The amount of the subsidy for those over age 65 shall not exceed the amount of the subsidy for members under age 65 that choose couple, family, or parent plus coverage. The spousal subsidy is not subject to KRS 161.714.

30. JUDGMENTS

	2010-11	**2011-12**
General Fund	-0-	-0-

(1) Payment of Judgments and Carry Forward of General Fund Appropriation Balance: The above appropriation is for the payment of judgments as may be rendered against the Commonwealth by courts and orders of

the State Personnel Board and, where applicable, shall be subject to the provisions of KRS Chapter 45, and for the payment of medical malpractice judgments against the University of Kentucky and the University of Louisville in accordance with KRS 164.892 and 164.941, and for the payment of judgments, audit adjustments, and excess billings to federal programs related to transfers from statewide internal service funds to the General Fund authorized in prior Appropriations Acts. Funds required to pay the costs of items included within the Judgments budget unit are appropriated, and any required expenditure over the above amounts is to be paid first from the General Fund Surplus Account (KRS 48.700), if available, or from the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act.

31. APPROPRIATIONS NOT OTHERWISE CLASSIFIED

	2010-11	2011-12
General Fund	5,776,100	5,776,100

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

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

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

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

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

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

TOTAL - GENERAL GOVERNMENT

	2009-10	2010-11	2011-12
General Fund (Tobacco)	-0-	30,529,000	17,691,600
General Fund	-0-	577,898,000	611,613,100
Restricted Funds	140,600	179,912,200	194,728,900
Federal Funds	-0-	292,027,800	194,581,600
Road Fund	-0-	500,000	500,000
TOTAL	140,600	1,080,867,000	1,019,115,200

B. ECONOMIC DEVELOPMENT CABINET

Budget Units

1. SECRETARY

	2010-11	2011-12
General Fund	13,518,600	13,947,400
Restricted Funds	186,800	200,000

TOTAL	13,705,400	14,147,400

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

(2) Debt Service: Included in the above General Fund appropriation is $564,000 in fiscal year 2011-2012 for debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

[~~**(3) Cabinet Secretary Compensation:** Notwithstanding KRS 154.10-050(2), the Secretary for the Cabinet for Economic Development shall not be paid a salary greater than the salary of the Governor of the Commonwealth.~~] *(Veto Item #3)*

(4) Angel Investor Program: The Cabinet for Economic Development is directed to study the potential benefits of developing an Angel Investor Program, including an evaluation of the current Kentucky Investment Fund Act, the benefits of tax credits to encourage Angel investing, and the methods used by other states and the effectiveness of those methods. The Cabinet shall report to the Interim Joint Committee on Appropriations and Revenue by December 1, 2010.

(5) Airport Expansion Incentives: The Cabinet for Economic Development is directed to study the potential benefits of developing an incentive program for the purpose of attracting commercial airlines to existing Kentucky airports that have available and unused terminal space, gates, hangar facilities, or other unused capacity, and unmet flight demand. The Cabinet shall report to the Interim Joint Committee on Appropriations and Revenue and the Interim Joint Committee on Transportation by December 1, 2010.

(6) Louisville Waterfront Development Corporation: Included in the above General Fund appropriation is $420,800 in fiscal year 2010-2011 and $420,800 in fiscal year 2011-2012 for the Louisville Waterfront Development Corporation.

[~~**(7) Allen County Industrial Authority Grant:** Included in the above General Fund appropriation is $1,000,000 in fiscal year 2010-2011 for a grant to the Allen County Industrial Authority to support construction of a storage facility for the benefit of the J.M. Smucker Company.~~] *(Veto Item #4)*

[~~**(8) Kentucky Innovation and Commercialization Center Program:** The Kentucky Innovation and Commercialization Center Program authorized in KRS 154.12-305 shall remain open for the 2010-2012 fiscal biennium. Included in the above General Fund appropriation are sufficient funds to support the six Innovation and Commercialization Centers and seven Satellite Innovation Centers.~~] *(Veto Item #5)*

2. BUSINESS DEVELOPMENT

	2010-11	**2011-12**
General Fund	4,729,800	4,682,500
Restricted Funds	300,000	300,000
Federal Funds	155,400	155,400
TOTAL	5,185,200	5,137,900

3. FINANCIAL INCENTIVES

	2010-11	**2011-12**
General Fund	5,321,700	10,987,600
Restricted Funds	1,579,500	1,612,700
TOTAL	6,901,200	12,600,300

(1) Debt Service: Included in the above General Fund appropriation is $2,161,500 in fiscal year 2010-2011 and $7,859,000 in fiscal year 2011-2012 for debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) Carry Forward of General Fund Appropriation Balance for Bluegrass State Skills Corporation: Notwithstanding KRS 45.229, the General Fund appropriation balance for training grants for fiscal year 2010-2011 and for fiscal year 2011-2012 for the Bluegrass State Skills Corporation shall not lapse and shall carry forward.

TOTAL - ECONOMIC DEVELOPMENT CABINET

	2010-11	2011-12
General Fund	23,570,100	29,617,500
Restricted Funds	2,066,300	2,112,700
Federal Funds	155,400	155,400
TOTAL	25,791,800	31,885,600

C. DEPARTMENT OF EDUCATION

Budget Units

1. EXECUTIVE POLICY AND MANAGEMENT

	2010-11	2011-12
General Fund	3,102,600	596,500

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

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

(3) Review of the Classification of Primary and Secondary School Buildings: Included in the above General Fund appropriation is $2,500,000 in fiscal year 2010-2011 to implement KRS 157.420(9) and (10). Notwithstanding KRS 45.229, any portion of the $2,500,000 that has not been expended by the end of fiscal year 2010-2011 shall not lapse and shall carry forward into fiscal year 2011-2012.

2. OPERATIONS AND SUPPORT SERVICES

	2010-11	2011-12
General Fund	41,745,400	41,206,400
Restricted Funds	2,243,600	2,269,300
Federal Funds	16,027,800	10,527,800
TOTAL	60,016,800	54,003,500

(1) School Technology in Coal Counties: Notwithstanding KRS 42.4588(2) and (4), included in the above General Fund appropriation is $2,500,000 in each fiscal year from the Local Government Economic Development Fund for the purpose of enhancing education technology in local school districts within coal-producing counties. The Commissioner of Education shall use the appropriation in this subsection to continue the Coal County Computing program in conjunction with the Cabinet for Economic Development through its Department of Commercialization and Innovation.

(2) Education Technology Program: Included in the above General Fund appropriation is $17,361,800 in fiscal year 2010-2011 and $17,188,100 in fiscal year 2011-2012 for the Education Technology Program.

3. LEARNING AND RESULTS SERVICES

	2010-11	2011-12
General Fund (Tobacco)	2,150,000	2,050,000
General Fund	887,490,300	886,882,200
Restricted Funds	3,357,800	3,363,100
Federal Funds	1,016,067,300	837,825,600

TOTAL	1,909,065,400	1,730,120,900

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

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

(3) Family Resource and Youth Services Centers: Funds appropriated to establish and support Family Resource and Youth Services Centers shall be transferred in fiscal year 2010-2011 and in fiscal year 2011-2012 to the Cabinet for Health and Family Services consistent with KRS 156.497. The Cabinet for Health and Family Services is authorized to use, for administrative purposes, no more than three percent of the total funds transferred from the Department of Education for the Family Resource and Youth Services Centers. If a certified person is employed as a director or coordinator of a Family Resource and Youth Services Center, that person shall retain his or her status as a certified employee of the school district.

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

(4) Health Insurance: Included in the above General Fund appropriation is $609,013,700 in fiscal year 2010-2011 and $614,768,000 in fiscal year 2011-2012 for employer contributions for health insurance and the contribution to the health reimbursement account for employees waiving coverage.

(5) Program Flexibility: Notwithstanding KRS 157.226(2) and (3), 157.3175(3) and (4), and 160.345(8) with regard to the state allocation, four programs (Professional Development, Extended School Services, Textbooks, and Safe Schools) shall continue to permit the state and local school districts additional flexibility in the distribution of program funds while still addressing the governing statutes and serving the need and the intended student population. Notwithstanding KRS 157.226(2) and (3), 157.3175(3) and (4), and 160.345(8) with regard to the state allocation, local school districts may use funds from the Professional Development, Extended School Services, Textbooks, and Safe Schools programs to supplement the Preschool program in fiscal year 2010-2011 and in fiscal year 2011-2012.

(6) Publishing Requirements: Notwithstanding KRS 160.463 and 424.220, public availability of the school district's complete annual financial statement and the school report card shall be made by publishing the documents in the newspaper of the largest general circulation in the county, electronically on the Internet, or by printed copy at a prearranged site at the main branch of the public library within the school district. If publication on the Internet or by printed copy at the public library is chosen, the superintendent shall be directed to publish notification in the newspaper of the largest circulation in the county as to the location where the document can be viewed by the public. The notification shall include the address of the library or the electronic address of the Web site on the Internet where the documents can be viewed.

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

(8) Coordination With Head Start: Each local district shall work with Head Start and other existing preschool programs to avoid duplication of services and programs, to avoid supplanting federal funds, and to maximize Head Start funds in order to serve as many four year old children as possible, and shall maintain certification from the Head Start director that the Head Start Program is fully utilized. If a local district fails to comply with the requirements of this subsection, the Commissioner of Education shall withhold preschool funding for an amount equal to the number of Head Start eligible children served in the district who would have been eligible to be served by Head Start under the full utilization certification required under this subsection. The Commissioner of

Education shall resolve any disputes and make a determination of the district's compliance with the full utilization requirement.

(9) Highly Skilled Educators: Notwithstanding KRS 158.6455(3), 158.782, and 160.350(3), the Kentucky Department of Education shall have the authority to expend moneys appropriated for the Highly Skilled Education Assistance Program in fiscal year 2010-2011 on intervention services that may be required by the Federal No Child Left Behind Act of 2001 (Public Law 107-110). No funds are provided for the Highly Skilled Education Assistance Program in fiscal year 2011-2012.

(10) Commonwealth School Improvement Fund: Notwithstanding KRS 158.805, the Commissioner of Education shall be authorized to use the Commonwealth School Improvement Fund to provide support services to schools needing assistance under KRS 158.6455 or in order to meet the requirements of No Child Left Behind.

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

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

(13) Allocations to School-Based Decision Making Councils: Notwithstanding KRS 160.345(8), for fiscal years 2010-2011 and 2011-2012, a local board of education may reduce the allocations to individual schools within the district as outlined in 702 KAR 3:246, secs. 6, 7, and 8. The allocation under 702 KAR 3:246, sec. 6, shall not be less than $100 per pupil in average daily attendance.

(14) Kentucky School for the Blind and Kentucky School for the Deaf: Included in the above General Fund appropriation is $6,826,500 in each year of the fiscal biennium for the Kentucky School for the Blind, and $10,041,500 in each year of the fiscal biennium for the Kentucky School for the Deaf.

(15) Learning and Results Services Programs: Notwithstanding KRS 156.265, included in the above General Fund appropriation are the following allocations for the 2010-2012 fiscal biennium:

(a) $1,351,600 in fiscal year 2010-2011 and $1,338,100 in fiscal year 2011-2012 for the ACT and WorkKeys testing;

(b) $96,500 in fiscal year 2010-2011 and $95,500 in fiscal year 2011-2012 for the Appalachian Learning Disabled Tutoring;

(c) $595,200 in fiscal year 2010-2011 and $589,200 in fiscal year 2011-2012 for the Blind/Deaf Residential Travel Program;

(d) $1,351,600 in fiscal year 2010-2011 and $1,338,100 in fiscal year 2011-2012 for the Collaborative Center for Literacy Development;

(e) $8,036,600 in fiscal year 2010-2011 and $7,956,200 in fiscal year 2011-2012 for the Commonwealth Accountability Testing System-Report Card;

(f) $1,455,800 in fiscal year 2010-2011 and $1,441,200 in fiscal year 2011-2012 for the Commonwealth School Improvement Fund;

(g) $2,027,400 in fiscal year 2010-2011 and $2,007,100 in fiscal year 2011-2012 for the Community Education Program;

(h) $696,000 in fiscal year 2010-2011 and $689,000 in fiscal year 2011-2012 for the Dropout Prevention Program;

(i) $467,600 in fiscal year 2010-2011 and $463,000 in fiscal year 2011-2012 for the Elementary Arts and Humanities Program;

(j) $482,700 in fiscal year 2010-2011 and $477,900 in fiscal year 2011-2012 for the Every1 Reads Program;

(k) $12,771,700 in fiscal year 2010-2011 and $12,643,900 in fiscal year 2011-2012 for the Extended School Services Program;

(l) $54,599,200 in fiscal year 2010-2011 and $54,053,200 in fiscal year 2011-2012 for the Family Resource and Youth Services Centers Program;

(m) $246,200 in fiscal year 2010-2011 and $243,700 in fiscal year 2011-2012 for the Georgia Chaffee Teenage Parent Program;

(n) $6,875,400 in fiscal year 2010-2011 and $6,806,700 in fiscal year 2011-2012 for the Gifted and Talented Program;

(o) $5,189,600 in fiscal year 2010-2011 for the Highly Skilled Educator Program;

(p) $368,200 in fiscal year 2010-2011 and $364,600 in fiscal year 2011-2012 for the Leadership and Mentor Fund;

(q) $2,343,000 in fiscal year 2010-2011 and $2,319,500 in fiscal year 2011-2012 for the Local School District Life Insurance;

(r) $11,876,700 in fiscal year 2010-2011 and $11,757,900 in fiscal year 2011-2012 for the Locally Operated Vocational Schools;

(s) $5,696,100 in fiscal year 2010-2011 and $5,639,100 in fiscal year 2011-2012 for the Mathematics Achievement Fund;

(t) $374,100 in fiscal year 2010-2011 and $370,300 in fiscal year 2011-2012 for the Middle School Academic Center;

(u) $332,100 in fiscal year 2010-2011 and $328,800 in fiscal year 2011-2012 for the Partnership for Student Success Program;

(v) $72,531,600 in fiscal year 2010-2011 and $71,806,300 in fiscal year 2011-2012 for the Preschool Program;

(w) $6,027,000 in fiscal year 2010-2011 and $5,966,700 in fiscal year 2011-2012 for the Professional Development Program (Staff Development);

(x) $960,300 in fiscal year 2010-2011 and $950,700 in fiscal year 2011-2012 for the Professional Growth Fund;

(y) $18,882,400 in fiscal year 2010-2011 and $18,693,600 in fiscal year 2011-2012 for the Read to Achieve Program;

(z) $4,546,600 in fiscal year 2010-2011 and $4,501,100 in fiscal year 2011-2012 for the Safe Schools Program;

(aa) $482,700 in fiscal year 2010-2011 and $477,900 in fiscal year 2011-2012 for the Save the Children/Rural Literacy Program;

(ab) $4,212,500 in fiscal year 2010-2011 and $4,170,400 in fiscal year 2011-2012 for the School Food Services;

(ac) $10,583,400 in fiscal year 2010-2011 and $10,477,500 in fiscal year 2011-2012 for the State Agency Children Program;

(ad) $1,544,700 in fiscal year 2010-2011 and $1,529,300 in fiscal year 2011-2012 for the Teacher Academies Program;

(ae) $1,821,500 in fiscal year 2010-2011 and $1,803,300 in fiscal year 2011-2012 for the Teacher Recruitment and Retention Program-Educator Quality & Diversity;

(af) $646,900 in fiscal year 2010-2011 and $640,400 in fiscal year 2011-2012 for the Textbooks Program;

(ag) $772,300 in fiscal year 2010-2011 and $764,600 in fiscal year 2011-2012 for the Virtual Learning Program; and

(ah) $589,200 in fiscal year 2010-2011 and $583,300 in fiscal year 2011-2012 for the Writing Program.

(16) Local District Grant Carry Forward: Notwithstanding 2008 Ky. Acts ch. 127, Part I, D., 3., (17), KRS 158.792(2), and 158.844(5), any non-SEEK state grant funds appropriated to the Department of Education to be disbursed to local school districts that are unexpended during fiscal year 2009-2010 shall lapse to the General Fund.

(17) School Calendars: Prior to the approval of school calendars for fiscal year 2010-2011, the Kentucky Board of Education shall by administrative regulation establish procedures by which the Commissioner of Education may approve innovative alternative school calendars. No later than October 31, 2010, the Department of Education shall report to the Interim Joint Committee on Education the results for the state assessment system, the norm referenced test, and the EXPLORE, PLAN, and ACT tests for each school district with a school calendar of less than 177 school days.

(18) Surplus Property: Notwithstanding KRS 45A.045, 45.777, and 56.463, any funds received by the Commonwealth from the disposal of any surplus property at the Kentucky School for the Blind and the Kentucky School for the Deaf shall be deposited in a restricted account and shall not be expended without appropriation authority granted by the General Assembly.

(19) Use of Local District Capital Funds: Notwithstanding KRS 157.420(4) and (6), 157.440, and 157.621, a local board of education may submit a request to the Commissioner of Education to utilize any capital funds, regardless of the source, for general operating expenses in fiscal year 2010-2011 and fiscal year 2011-2012 without forfeiting the district's eligibility to participate in the School Facilities Construction Commission program. Prior to August 1, 2010, the Kentucky Board of Education shall approve guidelines to be followed in considering such requests from local boards of education.

(20) Dual Course Credit: Notwithstanding any statute to the contrary, the Commissioner of Education may approve a plan that is established by a local school board and a Southern Association of Colleges and Schools accredited postsecondary education institution for purposes of granting high school and college credit and which allows students to fulfill high school graduation requirements and compulsory school attendance; providing rigorous academic curriculum within a supportive and nurturing environment for underserved students; and encouraging academic success by linking students, teachers, and community partners in innovative ways.

(21) Lexington Hearing and Speech Center: Included in the above General Fund appropriation is $100,000 in each fiscal year for the Lexington Hearing and Speech Center to provide speech and hearing services for Kentucky children.

4. SUPPORT EDUCATION EXCELLENCE IN KENTUCKY (SEEK) PROGRAM

	2010-11	**2011-12**
General Fund	2,725,530,500	2,894,186,800
Federal Funds	182,486,200	-0-
TOTAL	2,908,016,700	2,894,186,800

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

(2) Base SEEK Allotments: Notwithstanding KRS 157.420(2), included in the above General Fund appropriation is $1,852,856,400 in fiscal year 2010-2011 and $2,034,512,800 in fiscal year 2011-2012 for the base SEEK Program as defined by KRS 157.360. Included in the above Federal Funds appropriation is $182,486,200 in Federal State Fiscal Stabilization Fund moneys in fiscal year 2010-2011 for the base SEEK Program as defined by KRS 157.360. Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose except as provided in this Act. Notwithstanding KRS 157.360(2)(c), included in the appropriation for the base SEEK Program is $214,752,800 in each fiscal year for pupil transportation.

(3) Tier I Component: Included in the above General Fund appropriation is $173,576,400 in fiscal year 2010-2011 and $168,251,400 in fiscal year 2011-2012 for the Tier I component as established by KRS 157.440.

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

(5) Secondary Vocational Education: Included in the above General Fund appropriation is $23,289,000 in each fiscal year to provide secondary vocational education in state-operated vocational schools.

(6) Teachers' Retirement System Employer Match: Included in the above General Fund appropriation is $349,899,700 in fiscal year 2010-2011 and $347,017,500 in fiscal year 2011-2012 to enable local school districts to provide the employer match for qualified employees as provided for by KRS 161.550.

(7) Salary Supplements for Nationally Certified Teachers: Notwithstanding KRS 157.395, included in the above General Fund appropriation is $2,750,000 in each fiscal year for the purpose of providing salary supplements for public school teachers who have attained certification from the National Board for Professional Teaching Standards as of July 14, 2000, or thereafter. Notwithstanding KRS 157.395, if the appropriation is insufficient to provide the mandated salary supplement for public school teachers who have attained certification, the Kentucky Department of Education is authorized to pro rata reduce the supplement.

(8) Allocation of SEEK Funds: Notwithstanding KRS 157.360(2)(c), the above General Fund and Federal Funds appropriations to the base SEEK Program are intended to provide a base guarantee of $3,868 per student in average daily attendance in fiscal year 2010-2011 and $3,903 per student in average daily attendance in fiscal year 2011-2012 as well as to meet the other requirements of KRS 157.360.

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

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

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

(11) Facilities Support Program of Kentucky/Equalized Nickel Levies: Included in the above General Fund appropriation is $76,922,100 in fiscal year 2010-2011 and $73,515,300 in fiscal year 2011-2012 to provide facilities equalization funding pursuant to KRS 157.440 and 157.620.

(12) Growth Levy Equalization Funding: Included in the above General Fund appropriation is $14,442,700 in fiscal year 2010-2011 and $13,291,300 in fiscal year 2011-2012 to provide facilities equalization funding pursuant to KRS 157.440 and 157.620, for districts meeting the eligibility requirements of KRS 157.621(1) and (4).

(13) Retroactive Equalized Facility Funding: Included in the above General Fund appropriation is $8,176,300 in fiscal year 2010-2011 and $8,203,400 in fiscal year 2011-2012 to provide equalized facility funding pursuant to KRS 157.440 and 157.620 to districts meeting the eligibility requirements of KRS 157.621(2) and (4) notwithstanding the April 24, 2008, deadline. This appropriation applies to school districts that levied the tax rate subject to recall prior to January 1, 2010. For the 2010-2012 fiscal biennium, equalization shall be provided to a local school district that levies a tax pursuant to KRS 157.621(1)(c) in fiscal year 2010-2011 at 25 percent of the calculated equalization funding in fiscal year 2011-2012. It is the intent of the 2010 General Assembly that any school district receiving partial equalization under this subsection in the 2010-2012 fiscal biennium shall receive full calculated equalization in the 2012-2014 fiscal biennium and thereafter.

(14) Equalized Facility Funding: Included in the above General Fund appropriation is $6,448,200 in fiscal year 2010-2011 and $6,166,400 in fiscal year 2011-2012 to provide equalized facility funding pursuant to KRS 157.420 and 157.620 to districts meeting the eligibility requirements of KRS 157.621(3) and (4).

(15) Instructional Days: Notwithstanding KRS 158.070, the school term for fiscal year 2010-2011 and fiscal year 2011-2012 shall include the equivalent of 177 six-hour instructional days. Districts may exceed 177 six-

hour instructional days. Included in the above General Fund appropriation are sufficient funds for 176 six-hour instructional days.

(16) Use of Excess SEEK Funds: Notwithstanding 2009 (1st Extra. Sess.) Ky. Acts ch. 2, Section 6, (18), any unexpended SEEK appropriations for fiscal year 2009-2010 as determined on or before March 1, 2010, by the Kentucky Department of Education shall lapse to the General Fund.

(17) Use of SEEK Funds: To receive funds under the SEEK program, district number 301 shall maintain operation of school number 170 during the time this budget is in effect.

(18) Equalization Funding for Category 5 Schools: (a) Included in the above General Fund appropriation is $5,958,300 in fiscal year 2011-2012 to provide equalization funding for school districts that: 1. Have school facilities classified as Category 5 on May 18, 2010, by the Department of Education; and 2. Levy an additional five cents equivalent tax rate for debt service, new construction, and major renovation beyond the five cents equivalent tax rate required by KRS 157.440(1)(b), except as provided in paragraph (c) of this subsection. Equalization shall be provided at 150 percent of the statewide average per pupil assessment beginning in the fiscal year following the fiscal year in which the levy is imposed. This levy shall be subject to the recall provisions of KRS 132.017.

(b) If the total revenue generated in the 2010-2012 fiscal biennium by the additional five cents equivalent tax levy, the equalization funds, and any escrowed or additional offers of assistance from the School Facilities Construction Commission is insufficient to cash fund the project or to sufficiently support the required annual debt service for the entirety of the capital project, the school district shall be awarded additional funds equal to the amount of annual debt service necessary to complete the project in its entirety. Any funds included in paragraph (a) of this subsection not necessary to provide equalization in fiscal year 2011-2012 shall be used for this purpose. If the total funds appropriated in paragraph (a) of this subsection are insufficient, the School Facilities Construction Commission is authorized to make an additional offer of assistance in an amount needed to fully fund this subsection.

(c) School districts that have previously levied a five cents equivalent tax rate for debt service, new construction, and major renovation beyond the rate required by KRS 157.440(1)(b) shall not be required to levy an additional tax to receive the equalization funds appropriated in paragraph (a) of this subsection and needed to complete a project in its entirety. A school district that has previously levied a five cent equivalent tax rate under KRS 157.621(1) shall receive the equalization funds appropriated in paragraph (a) of this subsection.

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

(e) The Department of Education, School Facilities Construction Commission, and local boards of education involved in financing local school facilities construction projects under this subsection shall, to the extent possible, maximize the use of federal Build America Bonds, Qualified School Construction Bonds, Qualified Zone Academy Bonds, or any other federal financing or bond programs for which a project may qualify if use of the program or programs will reduce the overall cost of the project or financing of the project.

(f) In the event that a school district receives funding pursuant to this subsection to support construction of a new school facility and subsequently, as the result of litigation, receives funding for the same facility for which state funds were provided, that school district shall reimburse the Commonwealth an amount equal to that provided under paragraph (a) of this subsection**.** Any funds received in this manner shall be deposited in the Budget Reserve Trust Fund Account (KRS 48.705).

TOTAL - DEPARTMENT OF EDUCATION

	2010-11	**2011-12**
General Fund (Tobacco)	2,150,000	2,050,000
General Fund	3,657,868,800	3,822,871,900
Restricted Funds	5,601,400	5,632,400
Federal Funds	1,214,581,300	848,353,400
TOTAL	4,880,201,500	4,678,907,700

D. EDUCATION AND WORKFORCE DEVELOPMENT CABINET

Budget Units

1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

	2010-11	2011-12
General Fund	4,418,000	4,373,800
Restricted Funds	4,943,500	4,943,500
Federal Funds	147,600	147,600
TOTAL	9,509,100	9,464,900

(1) Governor's Scholars Program: Included in the above General Fund appropriation is $1,970,000 in fiscal year 2010-2011 and $1,950,300 in fiscal year 2011-2012 for the Governor's Scholars Program.

2. DEAF AND HARD OF HEARING

	2010-11	2011-12
General Fund	798,700	790,700
Restricted Funds	817,900	831,400
TOTAL	1,616,600	1,622,100

3. KENTUCKY EDUCATIONAL TELEVISION

	2010-11	2011-12
General Fund	12,228,000	12,105,800
Restricted Funds	1,151,000	1,151,000
Federal Funds	700,000	700,000
TOTAL	14,079,000	13,956,800

4. ENVIRONMENTAL EDUCATION COUNCIL

	2010-11	2011-12
Restricted Funds	319,500	326,100
Federal Funds	90,400	33,900
TOTAL	409,900	360,000

5. LIBRARIES AND ARCHIVES

a. General Operations

	2010-11	2011-12
General Fund	5,826,000	5,767,800
Restricted Funds	1,427,500	1,427,500
Federal Funds	2,165,300	2,165,300
TOTAL	9,418,800	9,360,600

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

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

b. Direct Local Aid

	2010-11	2011-12
General Fund	5,590,900	5,535,000

Restricted Funds	895,700	895,700
Federal Funds	724,000	724,000
TOTAL	7,210,600	7,154,700

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

TOTAL - LIBRARIES AND ARCHIVES

	2010-11	**2011-12**
General Fund	11,416,900	11,302,800
Restricted Funds	2,323,200	2,323,200
Federal Funds	2,889,300	2,889,300
TOTAL	16,629,400	16,515,300

6. OFFICE FOR THE BLIND

	2010-11	**2011-12**
General Fund	1,189,700	1,177,800
Restricted Funds	2,577,800	2,577,800
Federal Funds	10,518,600	10,855,600
TOTAL	14,286,100	14,611,200

7. EMPLOYMENT AND TRAINING

	2010-11	**2011-12**
General Fund	1,710,000	-0-
Restricted Funds	2,368,800	2,368,800
Federal Funds	2,390,538,900	2,393,219,700
TOTAL	2,394,617,700	2,395,588,500

(1) Unemployment Insurance Penalty and Interest Account: Notwithstanding KRS 341.835, upon approval by the Office of State Budget Director, up to $3,000,000 from the Unemployment Insurance Penalty and Interest Account in the Unemployment Compensation Administration Fund may be used during each fiscal year by the Office of Employment and Training to operate employment training and unemployment insurance programs and up to $750,000 may be transferred in each fiscal year to the General Administration and Program Support budget unit in the Education and Workforce Development Cabinet to aid in the support of the Office of Employment and Training programs.

(2) Total Unemployment Rate: (a) Notwithstanding KRS 341.094(2), there is a "state 'on' indicator" for this state with respect to weeks of unemployment until the week ending four weeks prior to the last week of unemployment for which 100 percent federal sharing is available under Section 2005(a) of Public Law 111-5, or a similar provision is in effect, without regard to the extension of federal sharing for certain claims as provided under Section 2005(c) of Public Law 111-5 if:

1. The average rate of total unemployment (seasonally adjusted), as determined by the United States Secretary of Labor, for the period consisting of the most recent three months for which data for all states are published before the close of such week equals or exceeds six and one-half percent; and

2. The average rate of total unemployment in this state (seasonally adjusted), as determined by the United States Secretary of Labor, for the three-month period referred to in subparagraph 1. of this paragraph equals or exceeds 110 percent of such average for either or both of the corresponding three-month periods ending in the preceding two calendar years.

There is a "state 'off' indicator" for a week if the requirements are not satisfied.

(b) Notwithstanding KRS 341.730, effective for weeks beginning in a high unemployment period, the total extended benefit amount payable to any eligible worker with respect to his or her applicable benefit year shall be the least of the following amounts:

1. Eighty percent of the maximum amount of regular benefits which were payable to him or her under KRS Chapter 341 in his or her applicable benefit year; or

2. Twenty times the weekly benefit rate which was payable to him or her under KRS Chapter 341 for a week of total unemployment in the applicable benefit year. As used in this subparagraph, "high unemployment period" means any period during which an extended benefit period would be in effect if paragraph (a) of this subsection were applied by substituting eight percent for six and one-half percent.

(c) Notwithstanding KRS 341.096(1)(a), 20 C.F.R. sec. 615.12(c)(1) shall be the numerator for calculating the rate of insured unemployment.

(3) WorkNow KY: Included in the above General Fund appropriation is $1,710,000 in fiscal year 2010-2011 to provide matching funds for the WorkNow KY program. This program provides subsidized employment for any youth or adult that is Temporary Assistance for Needy Families (TANF) eligible.

8. CAREER AND TECHNICAL EDUCATION

	2010-11	**2011-12**
General Fund	25,968,800	25,709,100
Restricted Funds	21,620,000	22,708,400
Federal Funds	15,153,900	15,153,900
TOTAL	62,742,700	63,571,400

(1) Participation in the Education Technology Program by Area Vocational Education Centers: Area Vocational Education Centers shall be fully eligible to participate in the Kentucky Education Technology System. Notwithstanding KRS 157.650, 157.655, 157.660, and 157.665, the School Facilities Construction Commission, in consultation with the Kentucky Board of Education and the Department of Education, shall develop administrative regulations which identify a methodology by which the average daily attendance for Area Vocational Education Centers may be equated to the average daily attendance of other local school districts in order that they may receive their respective distributions of these funds. The School Facilities Construction Commission shall include Area Vocational Education Centers in any offers of assistance to local school districts for technology assistance during the 2010-2012 fiscal biennium.

(2) Transfer of State-Operated Secondary Vocational Education and Technology Centers: (a) Notwithstanding KRS 151B.035, 151B.040, 151B.045, 151B.050, 151B.055, and 151B.070, effective at the beginning of fiscal year 2010-2011, a local board of education may submit a request to the Executive Director of the Office of Career and Technical Education to assume authority for the management and control of a state-operated secondary vocational education and technology center. Upon agreement between the Executive Director of the Office of Career and Technical Education and the local board of education for the transfer of a state-operated secondary vocational education and technology center, all personnel, equipment, and supplies shall be transferred to the local board of education and shall only be utilized for the operation of the locally operated vocational center. The transfer of management and control of the secondary area vocational education and technology center shall be considered a permanent transfer to the local district.

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

(c) A transferred employee who has accrued annual leave and compensatory time shall be paid a lump sum for the accrued time at the effective date of the transfer by the Office of Career and Technical Education. The employee shall be granted credit for accrued sick leave up to the maximum allowed for transfers for teachers between school districts. Sick leave credit shall be awarded to a classified employee based on the local board policy. Any

excess sick leave that a classified or certified employee has earned that the district will not accept in the transfer may be requested to be held in escrow by the appropriate state personnel system under KRS Chapter 18A or 151B, and the sick leave balance shall be restored to the employee if the employee returns to a state government position.

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

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

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

(g) General Fund moneys previously appropriated to the Office of Career and Technical Education for support of the transferred state-operated vocational technical school shall be appropriated to the Kentucky Department of Education for support of the local board of education center operations effective at the beginning of fiscal year 2010-2011. In addition, the local board of education shall receive 100 percent of the Support Education Excellence in Kentucky (SEEK) Program funds from the Kentucky Department of Education that are generated from students enrolled in the center.

9. VOCATIONAL REHABILITATION

	2010-11	**2011-12**
General Fund	11,663,800	11,547,200
Restricted Funds	3,507,100	3,506,900
Federal Funds	48,618,300	48,969,400
TOTAL	63,789,200	64,023,500

(1) Interpreter Services: Included in the above General Fund appropriation is $450,000 in each fiscal year to provide accessibility services for deaf and hard of hearing students in postsecondary education institutions.

10. EDUCATION PROFESSIONAL STANDARDS BOARD

	2010-11	**2011-12**
General Fund	7,683,700	7,606,900
Restricted Funds	870,500	870,500
Federal Funds	304,200	308,300
TOTAL	8,858,400	8,785,700

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

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

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

(4) Teacher Certification: Notwithstanding KRS 161.020 to 161.120, the Education Professional Standards Board shall extend by two years the length of time required for certified teachers to complete a planned fifth year program.

TOTAL - EDUCATION AND WORKFORCE DEVELOPMENT CABINET

	2010-11	2011-12
General Fund	77,077,600	74,614,100
Restricted Funds	40,499,300	41,607,600
Federal Funds	2,468,961,200	2,472,277,700
Road Fund	-0-	-0-
TOTAL	2,586,538,100	2,588,499,400

E. ENERGY AND ENVIRONMENT CABINET

Budget Units

1. SECRETARY

	2010-11	2011-12
General Fund	3,462,500	4,154,400
Restricted Funds	453,500	467,700
Federal Funds	978,200	1,015,500
TOTAL	4,894,200	5,637,600

(1) Debt Service: Included in the above General Fund appropriation is $726,500 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

2. ENVIRONMENTAL PROTECTION

	2010-11	2011-12
General Fund	23,448,300	27,182,800
Restricted Funds	64,571,200	65,221,300
Federal Funds	23,955,000	23,923,000
Road Fund	300,000	300,000
TOTAL	112,274,500	116,627,100

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

(2) Debt Service: Included in the above General Fund appropriation is $1,951,000 in fiscal year 2010-2011 and $5,900,500 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(3) Waste Tire Trust Fund: Notwithstanding KRS 224.50-868(1), the new tire fee shall continue to be collected until June 30, 2012, to continue the waste tire program authorized by KRS 224.50-850 to 224.50-880. Notwithstanding KRS 224.50-880, the Energy and Environment Cabinet shall utilize no more than 25 percent of the funds collected for administration. All other funds shall be utilized, in accordance with the above referenced statutes, for waste tire amnesty programs, crumb rubber grants, tire-derived fuel programs, and other projects that will manage waste tires as appropriate to protect human health, safety, and the environment, or to develop markets for waste tires.

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

3. NATURAL RESOURCES

	2010-11	2011-12
General Fund (Tobacco)	9,000,000	6,000,000
General Fund	34,177,800	33,836,000
Restricted Funds	19,004,200	19,291,900
Federal Funds	54,623,500	54,803,700
TOTAL	116,805,500	113,931,600

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

(2) Mine Safety: Included in the above General Fund appropriation is $4,300,000 in fiscal year 2010-2011 and $4,400,000 in fiscal year 2011-2012 for the Office of Mine Safety and Licensing, Natural Resources budget unit.

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

[~~**(4) Forestry Tree Nurseries:** Included in the above Restricted Funds appropriation is $250,000 in each fiscal year for the Department for Natural Resources' tree nursery programs in Morgan County and Marshall County.~~] *(Veto Item #6)*

4. ENERGY DEVELOPMENT AND INDEPENDENCE

	2010-11	2011-12
General Fund	1,462,600	1,448,000
Restricted Funds	4,066,500	3,958,800
Federal Funds	36,598,600	4,936,000
TOTAL	42,127,700	10,342,800

(1) Energy Research and Development: (a) Notwithstanding KRS 42.4588, included in the above Restricted Funds appropriation is $3,500,000 in fiscal year 2010-2011 and $3,500,000 in fiscal year 2011-2012 which shall be used, except as specified in paragraph (b) of this subsection, for research projects relating to clean coal, new combustion technology, thin-seam coal extraction, safety, tracking and communication devices, coal slurry disposal, synthetic natural gas produced from coal through gasification processes, and the development of alternative transportation fuels produced by processes that convert coal or biomass resources or extract oil from oil shale, and other coal research and shall be targeted solely to Kentucky's Local Government Economic Development Fund-eligible counties. The Department for Energy Development and Independence shall coordinate its efforts with those of Kentucky's universities and related Kentucky Community and Technical College System programs in order to maximize Kentucky's opportunities for federal funding and receive research grants and awards from federal and other sources of funding for the development of clean coal technology, coal-to-liquid-fuel conversion, alternate transportation fuels, and biomass energy resources.

(b) Included in the Restricted Funds appropriation in paragraph (a) of this subsection is $1,000,000 in fiscal year 2010-2011 and $1,000,000 in fiscal year 2011-2012 which shall not be expended unless matched with federal or private funds for the purpose of supporting research and development activities at the University of Kentucky Center for Applied Energy Research.

5. ENVIRONMENTAL QUALITY COMMISSION

	2010-11	2011-12
Restricted Funds	257,400	263,600

6. KENTUCKY NATURE PRESERVES COMMISSION

	2010-11	2011-12

General Fund	1,041,300	1,030,900
Restricted Funds	242,000	241,900
Federal Funds	43,000	43,000
TOTAL	1,326,300	1,315,800

7. PUBLIC SERVICE COMMISSION

	2010-11	**2011-12**
General Fund	13,000,000	13,000,000
Restricted Funds	211,000	211,000
Federal Funds	218,300	218,300
TOTAL	13,429,300	13,429,300

(1) Debt Service: Included in the above General Fund appropriation is $589,000 in fiscal year 2010-2011 and $589,000 in fiscal year 2011-2012 for debt service for previously issued bonds.

(2) Lapse of General Fund Appropriation Balance: Notwithstanding KRS 278.150(3), $3,629,700 in fiscal year 2010-2011 and $3,718,700 in fiscal year 2011-2012 shall lapse to the credit of the General Fund.

(3) Telecommunication Access Program: Notwithstanding KRS 278.5499, the funding mechanism for the telecommunication device for the deaf distribution program shall allocate not more than two cents per access line per month.

(4) Small Utilities Assistance: Included in the above General Fund appropriation is $400,000 in fiscal year 2010-2011 and $400,000 in fiscal year 2011-2012 for small utilities assistance.

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

TOTAL - ENERGY AND ENVIRONMENT CABINET

	2010-11	**2011-12**
General Fund (Tobacco)	9,000,000	6,000,000
General Fund	76,592,500	80,652,100
Restricted Funds	88,805,800	89,656,200
Federal Funds	116,416,600	84,939,500
Road Fund	300,000	300,000
TOTAL	291,114,900	261,547,800

F. FINANCE AND ADMINISTRATION CABINET

Budget Units

1. GENERAL ADMINISTRATION

	2010-11	**2011-12**
General Fund	7,126,900	7,055,600

Restricted Funds		30,757,800	30,794,100
Federal Funds		31,640,900	30,534,500
Road Fund	400,000	400,000	
TOTAL		69,925,600	68,784,200

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

(2) Gubernatorial Transition: Should there be a new Governor-elect, then pursuant to KRS 11.260, the Finance and Administration Cabinet shall bear all necessary expenses for carrying out the purposes of KRS 11.210 to 11.260. Up to $220,000 of these necessary expenses shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

2. CONTROLLER

	2010-11	**2011-12**
General Fund	5,929,200	5,869,900
Restricted Funds	8,038,400	8,106,100
TOTAL	13,967,600	13,976,000

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

3. DEBT SERVICE

	2010-11	**2011-12**
General Fund (Tobacco)	18,746,600	30,275,700
General Fund	311,487,400	271,087,500
TOTAL	330,234,000	301,363,200

(1) General Fund (Tobacco) Debt Service Lapse: Notwithstanding the provisions of Part X, (4) of this Act, $3,008,100 in fiscal year 2010-2011 and $2,994,800 in fiscal year 2011-2012 shall lapse and not continue forward to the next fiscal year.

4. FACILITIES AND SUPPORT SERVICES

	2010-11	**2011-12**
General Fund	5,713,200	6,246,900
Restricted Funds	36,139,700	37,418,700
Federal Funds	513,500	324,000
TOTAL	42,366,400	43,989,600

(1) Debt Service: Included in the above General Fund appropriation is $333,500 in fiscal year 2010-2011 and $920,000 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

5. COUNTY COSTS

	2010-11	**2011-12**
General Fund	16,825,200	16,739,800
Restricted Funds	1,702,500	1,702,500

TOTAL	18,527,700	18,442,300

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

6. COMMONWEALTH OFFICE OF TECHNOLOGY

	2010-11	**2011-12**
Restricted Funds	64,279,000	65,318,100
Federal Funds	50,000	50,000
TOTAL	64,329,000	65,368,100

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

7. REVENUE

	2010-11	**2011-12**
General Fund (Tobacco)	275,000	275,000
General Fund	74,716,800	73,737,800
Restricted Funds	6,108,600	6,251,500
Road Fund	2,325,000	2,325,000
TOTAL	83,425,400	82,589,300

(1) Insurance Surcharge Rate: Pursuant to KRS 136.392, the insurance surcharge rate shall be calculated at a rate to provide sufficient funds in the 2010-2012 fiscal biennium for the Firefighters Foundation Program Fund and the Kentucky Law Enforcement Foundation Program Fund. The calculation of sufficient funds for the above-named programs shall include any Restricted Funds carried forward from fiscal years 2009-2010 and 2010-2011 as provided by the General Assembly in this Act.

(2) Road Fund Compliance and Motor Vehicle Property Tax Programs: The above Road Fund appropriation in each fiscal year represents the cost of the Road Fund Compliance and Motor Vehicle Property Tax Programs within the Department of Revenue and is to be used exclusively for that purpose.

(3) Operations of Revenue: Notwithstanding KRS 132.672, 136.652, 160.6154, and 365.390(2), funds may be expended in support of the operations of the Department of Revenue.

(4) Debt Service: Included in the above General Fund appropriation is $651,000 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

8. PROPERTY VALUATION ADMINISTRATORS

	2010-11	**2011-12**
General Fund	34,972,600	34,622,800
Restricted Funds	3,701,300	3,701,300
TOTAL	38,673,900	38,324,100

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

TOTAL - FINANCE AND ADMINISTRATION CABINET

	2010-11	**2011-12**

General Fund (Tobacco)	19,021,600	30,550,700
General Fund	456,771,300	415,360,300
Restricted Funds	150,727,300	153,292,300
Federal Funds	32,204,400	30,908,500
Road Fund	2,725,000	2,725,000
TOTAL	661,449,600	632,836,800

G. HEALTH AND FAMILY SERVICES CABINET

Budget Units

1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

	2010-11	**2011-12**
General Fund	34,505,000	34,159,900
Restricted Funds	9,221,600	9,683,800
Federal Funds	35,807,300	37,199,200
TOTAL	79,533,900	81,042,900

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

(2) Debt Service: Included in the above General Fund appropriation is $139,000 in fiscal year 2010-2011 and $406,500 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(3) Transfer of Funds Between Appropriation Units of the Cabinet: The Secretary of the Cabinet for Health and Family Services may, with the prior approval of the State Budget Director and prior notice to the Interim Joint Committee on Appropriations and Revenue, transfer General Fund moneys appropriated in this Act from one appropriation unit within the cabinet to another Cabinet for Health and Family Services unit to address projected funding shortfalls and for other program reasons in the best interest of the citizens of the Commonwealth.

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

2. COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS

	2010-11	**2011-12**
General Fund (Tobacco)	350,000	350,000
General Fund	4,984,500	4,934,700
Restricted Funds	6,971,900	6,971,900
Federal Funds	4,415,400	4,566,100
TOTAL	16,721,800	16,822,700

(1) Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is $350,000 for Universal Newborn Hearing Screening and Vision Screening in each fiscal year.

3. MEDICAID SERVICES

a. Medicaid Administration

	2010-11	2011-12
General Fund	36,303,100	35,940,100
Restricted Funds	24,590,300	14,096,900
Federal Funds	62,181,600	51,690,400
TOTAL	123,075,000	101,727,400

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

(a) Establish a new program;

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

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

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

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

b. Medicaid Benefits

	2010-11	2011-12
General Fund	776,598,500	1,435,255,600
Restricted Funds	358,478,000	370,376,900
Federal Funds	4,363,555,100	4,322,985,400
TOTAL	5,498,631,600	6,128,617,900

(1) Supports for Community Living Slots: Included in the above appropriation is $1,896,700 in General Fund moneys and $5,983,300 in Federal Funds to support 200 additional Supports for Community Living slots in fiscal year 2010-2011 and $6,774,000 in General Fund moneys and $16,986,000 in Federal Funds to support 200 additional Supports for Community Living slots in fiscal year 2011-2012 for a total of 400 additional slots over the 2010-2012 fiscal biennium.

Supports for Community Living Waiver funds shall be utilized only for direct services to qualified Supports for Community Living Waiver recipients.

(2) Carry Forward of General Fund Appropriation Balance: Notwithstanding KRS 45.229, any General Fund appropriation unexpended in fiscal year 2010-2011 shall not lapse but shall be carried forward into the next fiscal year.

(3) Disproportionate Share Hospital Program: Hospitals shall report indigent inpatient and outpatient care for which, under federal law, the hospital is eligible to receive disproportionate share payments. Disproportionate Share Hospital payments shall equal the maximum amounts established by federal law.

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

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

(6) Quality and Charity Care Trust Fund: No hospital shall be reimbursed from both the Quality and Charity Care Trust Fund and the Disproportionate Share Hospital Program for the same service to the same patient. Any hospital that willfully violates this provision shall be subject to a penalty equal to three times the amount of the improper charge to the funds which shall be credited to the General Fund. The Secretary of the Cabinet for Health and Family Services shall have the authority to secure the patient information as needed from the participating facilities in order to determine compliance and enforce this provision. Each facility billing and receiving reimbursements from the Quality and Charity Care Trust Fund shall be required to identify each patient by Social Security number and indicate whether the patient is classified as indigent or medically needy. In any fiscal year for which all the parties to the Quality and Charity Care Trust Agreement so agree, the General Fund appropriation to fulfill the Commonwealth's contractual obligation relating to the Quality and Charity Care Trust Agreement, or any portion thereof, together with any other funds paid to the Quality and Charity Care Trust contractual obligation of the parties, or any portion thereof, shall be transferred to the Department for Medicaid Services as part of its Restricted Funds appropriation for Medicaid Benefits. In any fiscal year for which all the parties to the Quality and Charity Care Trust Agreement do not agree to transfer all or any portion of the Trust's revenues to the Department for Medicaid Services for Medicaid Benefits, the Quality and Charity Care Trust shall operate pursuant to its contractual provisions.

(7) Kentucky Children's Health Insurance Program (KCHIP): The Secretary of the Cabinet for Health and Family Services may transfer funds from the Medicaid Benefits budget unit to the Kentucky Children's Health Insurance Program General Fund or Restricted Funds appropriations to be used to match the Federal Funds. These transfers may be made to cover both additional regular allocations and redistribution from the federal government. The Secretary shall recommend any proposed transfer to the State Budget Director for review and concurrence prior to transfer. Upon concurrence of the State Budget Director and prior to the transfer, the Secretary shall make the appropriate interim appropriation increase requests pursuant to KRS 48.630.

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

(9) Medicaid Budget Analysis Reports: The Department for Medicaid Services shall submit a quarterly budget analysis report to the Interim Joint Committee on Appropriations and Revenue. The report shall provide monthly detail of actual expenditures, eligibles, and average monthly cost per eligible by eligibility category along with current trailing 12-month averages for each of these figures. The report shall also provide actual figures for all categories of noneligible-specific expenditures such as Supplemental Medical Insurance premiums, Kentucky Patient Access to Care, nonemergency transportation, drug rebates, cost settlements, and Disproportionate Share Hospital payments by type of hospital. The report shall compare the actual expenditure experience with those underlying the enacted or revised enacted budget and explain any significant variances which may occur.

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

(11) Medicaid Benefits Budget Surplus: In the event Medicaid Benefits expenditures are less than available funds, the Secretary of the Cabinet for Health and Family Services may recommend the utilization of available funds to increase reimbursement rates, support program administration, or expand the Medicaid Program or

the number of eligibles. No reimbursement rate, service, eligible, or program shall be increased without written approval of the State Budget Director and a report to the Interim Joint Committee on Appropriations and Revenue.

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

(13) Critical Access Hospitals: Beginning with the effective date of this Act through June 30, 2012, no acute care hospital shall convert to a critical access hospital unless the hospital has either received funding for a feasibility study from the Kentucky State Office of Rural Health or filed a written request by January 1, 2010, with the Kentucky State Office of Rural Health requesting funding for conducting a feasibility study.

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

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

(16) KCHIP Premium Suspension: Included in the above General Fund appropriation is $370,000 in each fiscal year for suspending KCHIP premiums. The additional funding represents the net state share between premium collections less administrative costs related to premium collections. Notwithstanding KRS 205.6485(1)(c), KCHIP premiums are suspended for fiscal year 2010-2011 and fiscal year 2011-2012.

[~~**(17) Urban Trauma Center:** Included in the above appropriation is funding to provide for payments for costs associated with operating an urban trauma center hospital as defined in 907 KAR 1:825. Payments are conditional upon availability of state matching funds and the ability to receive federal financial participation for such payments.~~] *(Veto Item #7)*

[~~**(18) Medicaid State Match for Preventive Services By Local and District Health Departments:** Included in the above appropriation in each year of the fiscal biennium are the total state matching funds required to fully support preventive health services provided to Medicaid recipients through local and district health departments. Such services shall continue, at a minimum, at the current level.~~] *(Veto Item #8)*

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

(20) Medicaid Waiver for Personal Care Services: The Cabinet for Health and Family Services shall conduct a study to determine the feasibility of pursuing a Medicaid waiver for personal care services. The results of the study shall be reported to the Interim Joint Committee on Health and Welfare by December 1, 2010.

(21) General Fund Carry Forward: Notwithstanding KRS 45.229, included in the above General Fund appropriation is $20,609,400 in fiscal year 2009-2010 which shall be carried forward to fiscal year 2010-2011 to support Medicaid benefits expenditures and $16,350,700 in fiscal year 2010-2011 which shall be carried forward to fiscal year 2011-2012 to support Medicaid benefits expenditures.

(22) Medicaid Recipient Identification Study: The Cabinet for Health and Family Services shall conduct a study to identify security measures permitted by federal law that ensure Medicaid recipients over 18 years of age and not residing in institutions are properly identified with Medicaid providers and that multiple persons do not utilize the

same Medicaid card. The Cabinet shall report the study findings to the Interim Joint Committees on Health and Welfare and Appropriations and Revenue by December 1, 2010.

(23) Drug Utilization Review: The Cabinet for Health and Family Services shall implement the Drug Management Review Advisory Board in accordance with the provisions of KRS 205.5636 and 205.5638.

(24) Medicaid Analysis: The Cabinet for Health and Family Services shall develop a plan for evaluating Medicaid benefits and efficiencies~~[and expanding the existing Medicaid Managed Care Organization (MMCO) currently serving Region 3 - Louisville and surrounding counties]~~. *(Veto Item #9)*

Areas to be evaluated for Medicaid efficiencies shall include, but not be limited to: (a) Alternate methods of achieving savings in pharmacy dispensing fees; (b) An evaluation of options in reducing the average wholesale price (AWP) pricing structures for all drug categories; (c) An analysis of potential savings through medication therapy management; and (d) An assessment of the fiscal impact of primary care case management programs. The plan shall include a cost and savings analysis~~[of any planned expansions]~~. *(Veto Item #9)*

The Cabinet for Health and Family Services shall report on the efficiency evaluations~~[and the MMCO expansion]~~ *(Veto Item #9)* to the Interim Joint Committee on Health and Welfare and the Interim Joint Committee on Appropriations and Revenue by December 1, 2010.

~~[If the Legislative Research Commission (LRC) determines that the Cabinet for Health and Family Services has not adequately addressed the concerns identified in this subsection, then the LRC may commission its own evaluation and the Cabinet for Health and Family Services shall pay for the cost of the evaluation.]~~ *(Veto Item #9)*

(25) Partnership Section 1115 Medicaid Demonstration Waiver Operated by University Health Care, Inc.: It is the intent of the General Assembly for University Health Care, Inc. to continue to provide Medicaid managed care and pharmacy benefit management services for Jefferson County and the surrounding 15 counties included under the Partnership Section 1115 Medicaid Demonstration Waiver.

~~[As such, included in the above appropriation in each year of the fiscal biennium are the total state matching funds required to fully support the continuation of University Health Care, Inc.'s operation of Passport Health Plan of the Partnership Section 1115 Medicaid Demonstration Waiver serving Jefferson County and the surrounding 15 counties. This funding includes the amount necessary to preserve the program at least at the fiscal year 2009-2010 level.]~~ *(Veto Item #10)*

In accordance with the process set forth by the United States Centers for Medicare and Medicaid Services for renewal of the Partnership Section 1115 Demonstration Waiver operated by University Health Care, Inc., the Cabinet for Health and Family Services shall act to comply with these requirements for renewal. If the Secretary determines that the cabinet cannot attest to the budget neutrality required for renewal of the waiver, the Secretary shall report this decision and supporting rationale to the Interim Joint Committee on Appropriations and Revenue, or if during a legislative session to the House and Senate Committees on Appropriations and Revenue, no less than 120 days prior to the deadline for submission of the request for renewal.

(26) Medicaid Pharmacy Efficiencies: It is the intent of the General Assembly to improve and reform the management of the statewide pharmacy program offered to Medicaid recipients. As such, the General Assembly directs the Cabinet for Health and Family Services to take necessary actions, including seeking federal approval, to establish programs or engage providers to assist with managing the statewide pharmacy program by increasing the use of generic drugs and by increasing accepted practices to eliminate excess prescriptions in order to deter Medicaid recipients from obtaining multiple prescriptions from different physicians for the same drug.

TOTAL - MEDICAID SERVICES

	2010-11	**2011-12**
General Fund	812,901,600	1,471,195,700
Restricted Funds	383,068,300	384,473,800
Federal Funds	4,425,736,700	4,374,675,800
TOTAL	5,621,706,600	6,230,345,300

4. BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES

	2010-11	**2011-12**

General Fund (Tobacco)	900,000	900,000
General Fund	183,670,800	181,941,100
Restricted Funds	242,537,600	242,694,400
Federal Funds	40,349,800	37,843,800
TOTAL	467,458,200	463,379,300

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

(2) Debt Service: Included in the above General Fund appropriation is $1,011,000 in fiscal year 2010-2011 and $2,236,000 in fiscal year 2011-2012 for debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(3) Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is $900,000 in each fiscal year for substance abuse prevention and treatment for pregnant women with a history of substance abuse problems.

(4) Replacement of Eastern State Hospital: The Commonwealth recognizes the statutory role of community mental health/mental retardation boards in providing mental health and mental retardation services across the Commonwealth. Notwithstanding any other provision of law to the contrary, the Secretary of the Cabinet for Health and Family Services shall solicit a proposal from the Bluegrass Regional Mental Health and Mental Retardation (MH/MR) Board, Inc. to operate a new Eastern State Facility constructed to replace the existing Eastern State Hospital facility.

Notwithstanding any other provision of law to the contrary, upon a finding by the Secretary that the proposal meets programmatic requirements for the anticipated population and its needs and upon a further finding that the financial provisions are satisfactory, the cabinet may enter into a contractual arrangement with Bluegrass Regional MH/MR Board, Inc. to operate the facility without soliciting competing proposals.

(5) Rental Payments: If the new mental health facility to replace Eastern State Hospital as authorized in this Act is occupied by the Cabinet for Health and Family Services during the 2010-2012 fiscal biennium, all associated rental payments shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act.

(6) Regional Mental Health/Mental Retardation Boards Retirement Cost Increase: Included in the above General Fund appropriation is $2,497,600 in fiscal year 2010-2011 and $3,837,800 in fiscal year 2011-2012 for Regional Mental Health/Mental Retardation Boards to assist them with the required increase of the employer contribution rates, effective July 1, 2010, and July 1, 2011, for the Kentucky Employees Nonhazardous state retirement system. The Department for Medicaid Services shall recognize this new cost to the Regional Mental Health/Mental Retardation Boards in the reimbursement rates, and the Department for Behavioral Health, Developmental and Intellectual Disabilities shall utilize these funds to provide the required state match. If that effort is not successful by August 1, 2010, then the Commissioner of the Department for Behavioral Health, Developmental and Intellectual Disabilities shall distribute these funds directly to the Regional Mental Health/Mental Retardation Boards on a prorated basis by August 15, 2010, and by July 15, 2011.~~[Notwithstanding any provision of this Act to the contrary, the total amount of these funds shall not be subject to reduction, transfer, or any other budgetary reduction action.]~~ *(Veto Item #11)*

(7) Kentucky Prescription Assistance Program: Included in the above General Fund appropriation is $190,000 in fiscal year 2010-2011 and $180,000 in fiscal year 2011-2012 to support a program for those indigent persons receiving services through regional mental health/mental retardation boards to obtain free or reduced pharmaceuticals, including any pharmaceuticals needed for physical health to provide a continuum of care. The 14 regional mental health/mental retardation boards shall report the number and types of prescriptions filled, the total cost and average cost per prescription, and the number of recipients to the Interim Joint Committees on Health and Welfare and Appropriations and Revenue by August 1 of each year.

5. PUBLIC HEALTH

	2010-11	2011-12
General Fund (Tobacco)	16,546,900	14,505,100
General Fund	61,174,300	61,312,500
Restricted Funds	116,297,100	116,455,000
Federal Funds	239,986,500	239,742,600
TOTAL	434,004,800	432,015,200

(1) Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is $8,752,000 in fiscal year 2010-2011 and $8,000,000 in fiscal year 2011-2012 for the Health Access Nurturing Development Services Program, $1,000,000 in each fiscal year for Healthy Start initiatives, $1,775,900 in fiscal year 2010-2011 and $800,000 in fiscal year 2011-2012 for Universal Children's Immunizations, $200,000 in each fiscal year for the Folic Acid Program, $950,000 in each fiscal year for Early Childhood Mental Health, $310,500 in each fiscal year for Early Childhood Oral Health, $750,000 in fiscal year 2010-2011 and $675,800 in fiscal year 2011-2012 for the Kentucky Early Intervention Services First Steps Program, $225,000 in fiscal year 2010-2011 and $200,000 in fiscal year 2011-2012 for the Reach Out and Read Program, and $2,583,500 in fiscal year 2010-2011 and $2,368,800 in fiscal year 2011-2012 for Smoking Cessation.

(2) Local and District Health Department Payments: The Department for Public Health shall not impose a cap or other restriction on the number or amount of services that a local or district health department may provide. The Department for Public Health shall submit all requests for payment for services provided to the Department for Medicaid Services that are submitted by a local or district health department.

[~~**(3) Medicaid State Match for Preventive Services Through Local and District Health Departments:** Included in the Medicaid Benefits appropriation as set forth in Part I, G., 3., b., of this Act is the total General Fund state matching dollars required in each fiscal year to fully support preventive health services provided to Medicaid recipients through local and district health departments.~~] *(Veto Item #8)*

(4) Local and District Health Department Retirement Cost Increase: Included in the above General Fund appropriation is $1,634,000 in fiscal year 2010-2011 and $2,380,500 in fiscal year 2011-2012 for Local and District Health Departments to assist them with the required increase of the employer contribution rates, effective July 1, 2010, and July 1, 2011, for the Kentucky Employees Nonhazardous state retirement system. The Department for Medicaid Services shall recognize this new cost to the Local and District Health Departments in the reimbursement rates, and the Department for Public Health shall utilize these funds to provide the required state match. If that effort is not successful by August 1, 2010, then the Commissioner of Public Health shall distribute these funds directly to the Local and District Health Departments on a prorated basis by August 15, 2010, and by July 15, 2011.[~~ Notwithstanding any provision of this Act to the contrary, the total amount of these funds, as provided in this subsection, shall not be subject to reduction, transfer, or any other budgetary reduction action.~~] *(Veto Item #12)*

6. HEALTH POLICY

	2010-11	2011-12
General Fund	496,500	491,500
Restricted Funds	821,000	821,000
TOTAL	1,317,500	1,312,500

7. FAMILY RESOURCE CENTERS AND VOLUNTEER SERVICES

	2010-11	2011-12
General Fund	428,300	424,000
Restricted Funds	95,000	95,000
Federal Funds	3,383,700	3,344,900
TOTAL	3,907,000	3,863,900

8. INCOME SUPPORT

	2010-11	2011-12

General Fund	1,376,400	1,362,600
Restricted Funds	19,734,100	19,925,900
Federal Funds	86,368,800	87,154,000
TOTAL	107,479,300	108,442,500

9. COMMUNITY BASED SERVICES

	2010-11	**2011-12**
General Fund (Tobacco)	9,395,400	9,175,000
General Fund	315,908,700	312,749,600
Restricted Funds	137,870,700	139,060,200
Federal Funds	523,081,100	514,609,300
TOTAL	986,255,900	975,594,100

(1) Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is $9,395,400 in fiscal year 2010-2011 and $9,175,000 in fiscal year 2011-2012 for the Early Childhood Development Program.

(2) Kentucky Sexual Assault Prevention Programs Retirement Cost Increase: Included in the above General Fund appropriation is $53,200 in fiscal year 2010-2011 and $81,900 in fiscal year 2011-2012 for Kentucky Sexual Assault Prevention Programs to add to their base contract to assist them with the required increase of the employer contribution rates, effective July 1, 2010, and July 1, 2011, for the Kentucky Employees Nonhazardous state retirement system.

(3) Kentucky Domestic Violence Association Program Retirement Cost Increase: Included in the above General Fund appropriation is $226,400 in fiscal year 2010-2011 and $348,000 in fiscal year 2011-2012 for Domestic Violence Centers to add to their base contract to assist them with the required increase of the employer contribution rates, effective July 1, 2010, and July 1, 2011, for the Kentucky Employees Nonhazardous state retirement system.

(4) Child Advocacy Centers Retirement Cost Increase: Included in the above General Fund appropriation is $84,700 in fiscal year 2010-2011 and $130,200 in fiscal year 2011-2012 for Child Advocacy Centers to add to their base contract to assist them with the required increase of the employer contribution rates, effective July 1, 2010, and July 1, 2011, for the Kentucky Employees Nonhazardous state retirement system.

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

(6) Boni Bill Implementation: Included in the above General Fund appropriation are funds for the continued implementation of the Boni Frederick Bill (2007 Ky. Acts ch. 140). The social workers employed by the Commonwealth of Kentucky face a challenging work environment, and children and citizens of the Commonwealth deserve an adequate response to allegations of adult or child abuse, neglect, or exploitation. This funding shall also include but not be limited to procuring adequate cellular phone communications to address safety issues of social workers in the areas served, and may include funds to ensure front-line social worker office and field safety needs.

The Finance and Administration Cabinet shall assist the Cabinet for Health and Family Services and the Department for Community Based Services in securing adequate cell phone coverage practicable to ensure worker safety.

10. AGING AND INDEPENDENT LIVING

	2010-11	**2011-12**
General Fund	42,254,100	41,803,700
Restricted Funds	2,254,900	2,254,900
Federal Funds	20,497,400	20,497,400
TOTAL	65,006,400	64,556,000

(1) Local Match Requirements: Notwithstanding KRS 205.460, entities contracting with the Cabinet for Health and Family Services to provide essential services under KRS 205.455 and 205.460 shall provide local match equal to or greater than the amount in effect during fiscal year 2009-2010. Local match may include any combination of materials, commodities, transportation, office space, personal services, or other types of facility services or funds. The Secretary of the Cabinet for Health and Family Services shall prescribe the procedures to certify the local match assurance.

TOTAL - HEALTH AND FAMILY SERVICES CABINET

	2010-11	2011-12
General Fund (Tobacco)	27,192,300	24,930,100
General Fund	1,457,700,200	2,110,375,300
Restricted Funds	918,872,200	922,435,900
Federal Funds	5,379,626,700	5,319,633,100
TOTAL	7,783,391,400	8,377,374,400

H. JUSTICE AND PUBLIC SAFETY CABINET

Budget Units

1. JUSTICE ADMINISTRATION

	2010-11	2011-12
General Fund (Tobacco)	1,923,400	1,923,400
General Fund	11,352,900	11,152,900
Restricted Funds	5,728,900	5,419,000
Federal Funds	17,235,600	11,505,500
TOTAL	36,240,800	30,000,800

(1) Office of Drug Control Policy: Included in the above Restricted Funds appropriation is $1,800,000 in fiscal year 2010-2011 and $1,800,000 in fiscal year 2011-2012 for regional Drug Courts in Kentucky's coal-producing counties.

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

(3) Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is $1,923,400 in fiscal year 2010-2011 and $1,923,400 in fiscal year 2011-2012 for the Office of Drug Control Policy.

(4) Public Safety Performance Project: Included in the above General Fund appropriation is $200,000 in fiscal year 2010-2011 for the Pew Center on the States' Public Safety Performance Project.

2. CRIMINAL JUSTICE TRAINING

	2010-11	2011-12
Restricted Funds	50,316,400	50,829,200
Federal Funds	206,100	206,100
TOTAL	50,522,500	51,035,300

(1) Kentucky Law Enforcement Foundation Program Fund: Included in the above Restricted Funds appropriation is $49,218,000 in fiscal year 2010-2011 and $49,723,300 in fiscal year 2011-2012 for the Kentucky Law Enforcement Foundation Program Fund.

(2) Training Incentive Payments: Notwithstanding KRS 15.460(1), included in the above Restricted Funds appropriation is $3,100 in fiscal year 2010-2011 and $3,100 in fiscal year 2011-2012 for each participant for training incentive payments.

(3) Training Incentive Stipends - Justice and Public Safety Cabinet Personnel: Notwithstanding KRS 15.410, 15.420(2), 15.440(1), 15.460(1), and 15.470(2) and (4), included in the above Restricted Funds appropriation

is sufficient funding for a $3,100 annual training incentive stipend for Kentucky state troopers, Kentucky State Police arson investigators, Kentucky State Police hazardous devices investigators, Kentucky State Police legislative security specialists, and Kentucky vehicle enforcement officers from the Kentucky Law Enforcement Foundation Program Fund.

3. JUVENILE JUSTICE

	2010-11	2011-12
General Fund	76,467,900	76,467,900
Restricted Funds	14,635,400	14,686,700
Federal Funds	15,156,100	14,861,800
TOTAL	106,259,400	106,016,400

(1) Mary Kendall Homes and Gateway Juvenile Diversion: Included in the above General Fund appropriation is $300,000 in each fiscal year of the biennium for the support of the Mary Kendall Homes and $300,000 in each fiscal year of the biennium for the support of Gateway Juvenile Diversion.

4. STATE POLICE

	2010-11	2011-12
General Fund	55,770,300	65,505,300
Restricted Funds	20,031,500	21,016,000
Federal Funds	35,504,900	21,797,200
Road Fund	79,799,500	83,251,500
TOTAL	191,106,200	191,570,000

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

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

(3) Restricted Funds Uses: Notwithstanding KRS 42.320(2)(h), 160.151(1)(c), 189A.050(3)(a), and 237.110(18), funds are included in the above Restricted Funds appropriation to maintain the operations and administration of the Kentucky State Police.

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

5. CORRECTIONS

a. Corrections Management

	2010-11	2011-12
General Fund	8,605,700	11,104,700
Restricted Funds	135,100	135,100
Federal Funds	275,000	75,000
TOTAL	9,015,800	11,314,800

(1) Debt Service: Included in the above General Fund appropriation is $478,000 in fiscal year 2010-2011 and $2,977,000 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) Appropriations Adjustments: The General Assembly has determined that the Department of Corrections shall be permitted to adjust appropriations between the Community Services and Local Facilities budget unit and the Adult Correctional Institutions budget unit in fiscal year 2010-2011 and in fiscal year 2011-2012. Only adjustments necessary to manage the diverse mix of inmate classifications, custody levels, probation and parole caseloads, and population increases or decreases shall be permitted. Any appropriations transferred or otherwise directed between these appropriation units shall be documented and justified in writing. No adjustments may be made except upon the prior written concurrence of the State Budget Director. The State Budget Director shall report the adjustments and the necessity of the adjustments to the Interim Joint Committee on Appropriations and Revenue.

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

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

(4) Non-Violent, Non-Sexual Class C and Class B Felons: The Department of Corrections shall assess the non-violent, non-sexual inmate population incarcerated for a Class C or Class B felony, and develop recommendations for actions or programs that may be implemented to reduce the time of incarceration for these inmates and assist them with reentering the community. A report shall be submitted to the House and Senate Appropriations and Revenue Committees and the House and Senate Judiciary Committees by January 15, 2011, specifying the Department's findings and recommendations.

(5) Public Safety First Programs: Included in the above General Fund appropriation is $515,000 in fiscal year 2010-2011 for the Public Safety First Programs, including the Victim Information and Notification Everyday (VINE) Protective Order and the VINE Court Victim Notification Program.

b. Adult Correctional Institutions

	2010-11	**2011-12**
General Fund	259,399,000	273,313,700
Restricted Funds	19,706,400	19,988,900
Federal Funds	18,463,600	2,253,700
TOTAL	297,569,000	295,556,300

(1) Time Credit for Program Completion: Notwithstanding KRS 197.045(1), the Department of Corrections shall provide an educational good time credit of 90 days to any prisoner who successfully receives a graduate equivalency diploma or a high school diploma, a two or four year certification in applied sciences, or a technical education diploma as provided and defined by the department, or completes a drug treatment program or other treatment program as defined by the department that requires participation in the program of six months or more.

(2) Meritorious Credit: Notwithstanding KRS 197.045(3), an inmate may, at the discretion of the Commissioner of the Department of Corrections, be allowed a deduction from a sentence not to exceed seven days per month for meritorious behavior, and may be allowed an additional deduction up to seven days per month for acts of exceptional service during times of emergency or for performing duties of outstanding importance in connection with institutional operations and programs.

(3) Corrections Education: Included in the above General Fund appropriation is $5,348,100 in fiscal year 2010-2011 and $5,348,100 in fiscal year 2011-2012 for education programs at the Department of Corrections

facilities that had previously been provided for in the Kentucky Community and Technical College System (KCTCS) budget. The faculty and staff funded by this amount and employed by KCTCS to provide educational services and support to inmates shall be transferred to the Department of Corrections beginning in fiscal year 2010-2011.

(4) Canteen Fund Proceeds: The Department of Corrections shall file semiannual reports with the Interim Joint Committee on Appropriations and Revenue detailing the revenues and expenditures from the Canteen Fund for each state-operated prison, private prison, and the central office of the department. The first report shall be due August 1, 2010, and shall provide financial information for the period of January 1, 2010, through June 30, 2010. Thereafter, reports shall be filed every six months from the August 1, 2010, date.

(5) Expungement of Dismissed Inmate Disciplinary Reports at Department of Corrections Institutions: The warden of each Department of Corrections institution shall expunge inmate prison disciplinary reports that have been dismissed or otherwise ordered void, and shall further remove any reference to dismissed or voided disciplinary reports from inmate records.

(6) Correctional Facilities Plan: (a) The Department of Corrections shall develop a plan that projects the Commonwealth's need for correctional facilities on an annual basis starting with fiscal year 2011-2012 and ending with fiscal year 2021-2022. The plan shall consider and assess all appropriate factors including:

1. Current condition and capacity of existing state prisons, private prisons utilized by the state, and county jails;

2. Current and projected number and classification of state inmates;

3. The potential for using community corrections programs to minimize the use of prison beds; and

4. Demographic trends in the Commonwealth that may impact crime and incarceration rates.

(b) The plan shall make recommendations concerning future correctional facility modifications based on a cost/benefit analysis for each proposed action that shall include:

1. Renovation or expansion of existing facilities;

2. Closing or reducing the capacity of older facilities in the system;

3. Constructing new facilities;

4. Increased or decreased use of county jails, and the resulting financial impact on county fiscal courts and the Commonwealth;

5. Increased or decreased use of private prisons; and

6. The use of community corrections programs, electronic and global positioning monitoring equipment, and halfway houses.

(c) The plan shall be submitted to the Legislative Research Commission for referral to the appropriate committees by December 31, 2010.

(7) Place of Imprisonment for Class D Felons: A Class D felon with a sentence of more than five years who has less than five years remaining to be served, has been convicted of a non-violent or non-sexual offense, and is not classified by the Department of Corrections as community custody, may serve the remainder of his or her term in a county jail in a county in which the fiscal court has agreed to house state prisoners.

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

(9) Insurance Proceeds: All funds received by the Commonwealth as a result of the damages caused by the inmate disturbance at Northpoint Training Center on August 21, 2009, shall be deposited to the General Fund.

c. Community Services and Local Facilities

	2010-11	**2011-12**
General Fund	144,421,000	140,926,500
Restricted Funds	3,557,500	3,557,500

Federal Funds	264,200	264,200
TOTAL	148,242,700	144,748,200

(1) Excess Local Jail Per Diem Costs: In the event that actual local jail per diem payments exceed the amounts provided to support the budgeted average daily population of state felons in county jails for fiscal year 2010-2011 and fiscal year 2011-2012, the payments shall be deemed necessary government expenses and may be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705), subject to notification as to necessity and amount by the State Budget Director who shall report any certified expenditure to the Interim Joint Committee on Appropriations and Revenue.

(2) Local Jails Funding: Notwithstanding KRS 441.605 to 441.695, funds in the amount of $2,427,500 in fiscal year 2010-2011 and $2,427,500 in fiscal year 2011-2012 shall be expended from the Kentucky Local Correctional Facilities Construction Authority for local correctional facility and operational support consistent with contractual covenants in accordance with bond indentures of the Authority.

(3) Conditional Parole for Substance Abuse and Other Programs: Notwithstanding KRS 439.340(3)(b), when the Parole Board recommends parole upon completion of a program, the Commissioner of the Department of Corrections or his or her designee, shall determine the most appropriate placement in a program either operated by the Department of Corrections or a program within the community approved by the Department of Corrections. The Parole Board shall grant parole with the condition that the parolee complete the program in the community if the Department of Corrections determines that participation in the program in the community is appropriate.

(4) Intermediate Sanctions for Technical Parole Violators: Notwithstanding KRS 439.430, if a person released to supervision under KRS Chapter 439 signs a statement admitting a violation of the terms of his or her supervision, the Parole Officer may as a sanction for the violation confine the person in a county jail for not more than ten days consecutively, and not more than 30 days within a 365 day period. The Department of Corrections shall reimburse the county for the costs of incarcerating a person under this subsection. A person is not eligible to earn good time credit on any period of confinement under this subsection.

(5) Parole Deferments: Notwithstanding KRS 439.340(3)(b), if the parole board does not grant parole, the maximum deferment or serve-out for an offender convicted of a non-violent, non-sexual Class C or Class D felony shall be 24 months. No deferment or serve-out shall exceed ten years following the offender's initial eligibility date, except for life sentences. No deferment or serve-out greater than five years shall be ordered unless by a vote of the full board.

(6) Home Incarceration: Notwithstanding KRS 532.260(1)(b), any person convicted of a non-violent, non-sexual Class C or Class D felony who is serving a sentence in a state-operated prison, contract facility, or county jail may, at the discretion of the Commissioner of the Department of Corrections, be eligible to serve his or her sentence outside the walls of the detention facility under the terms of home incarceration using an approved monitoring device as defined in KRS 532.200, if the felon has 180 days or less to serve on his or her sentence or, at the discretion of the Commissioner and the approval by the Secretary of the Justice and Public Safety Cabinet, if the felon has more than 180 days to serve on his or her sentence. Any person serving a sentence on home incarceration may, at the discretion of the Commissioner of the Department of Corrections, be allowed to leave his or her premises for gainful employment, and a reasonable and appropriate amount of the wages earned each pay period shall be used to pay restitution or child support as required by the court.

(7) Administration of Home Incarceration: The Department of Corrections may enter into agreements with private vendors, county jails, or other competent providers to administer and monitor offenders placed under home incarceration.

The Department of Corrections shall ensure that the appropriate staff members have up-to-date information concerning the latest global positioning systems technology and other relevant technology available for monitoring prisoners placed in home incarceration.

The Department shall review the file of each inmate eligible for home incarceration that is within 200 days of release, and ascertain if that inmate is a reasonable candidate for home incarceration with the use of electronic monitoring or global positioning system monitoring during the last 180 days of his or her sentence.

The Department shall submit an annual report to the Interim Joint Committee on Appropriations and Revenue and the Interim Joint Committee on Judiciary specifying the number of offenders placed on home incarceration, the number of days each person was incarcerated at home, and the number of persons that did not complete the home incarceration period successfully. The reports shall be submitted by July 30, 2011, and by July 30, 2012.

(8) Probation and Parole Officers: Included in the above General Fund appropriation is $3,000,000 in fiscal year 2011-2012 for hiring and equipping 50 additional probation and parole officers.

(9) Community Corrections: Included in the above General Fund appropriation is $2,000,000 in fiscal year 2011-2012 for community corrections services to assist parolees in successfully reentering the community.

d. Local Jail Support

	2010-11	2011-12
General Fund	14,321,500	14,321,500

(1) Inmate Medical Care Expenses: Included in the above General Fund appropriation is $931,100 in fiscal year 2010-2011 and $931,100 in fiscal year 2011-2012 for medical care contracts to be distributed, upon approval of the Department of Corrections, to counties by the formula codified in KRS 441.206, and $295,900 in fiscal year 2010-2011 and $295,900 in fiscal year 2011-2012, on a partial reimbursement basis, for medical claims in excess of the statutory threshold pursuant to KRS 441.045. The funding support for medical contracts and catastrophic medical expenses for indigents shall be maintained in discrete accounts. Any medical claim which exceeds the statutory threshold may be reimbursed for that amount in excess of the statutory threshold. In no event shall this apply to expenses of an elective, as opposed to emergency, basis, and expenses shall be paid according to the Kentucky Medical Assistance Schedule.

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

TOTAL - CORRECTIONS

	2010-11	2011-12
General Fund	426,747,200	439,666,400
Restricted Funds	23,399,000	23,681,500
Federal Funds	19,002,800	2,592,900
TOTAL	469,149,000	465,940,800

6. PUBLIC ADVOCACY

	2010-11	2011-12
General Fund	37,571,200	37,195,500
Restricted Funds	4,020,000	4,044,000
Federal Funds	2,196,000	1,798,500
TOTAL	43,787,200	43,038,000

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

TOTAL - JUSTICE AND PUBLIC SAFETY CABINET

	2010-11	2011-12
General Fund (Tobacco)	1,923,400	1,923,400
General Fund	607,909,500	629,988,000
Restricted Funds	118,131,200	119,676,400
Federal Funds	89,301,500	52,762,000
Road Fund	79,799,500	83,251,500
TOTAL	897,065,100	887,601,300

I. LABOR CABINET

Budget Units

1. SECRETARY

	2010-11	2011-12
Restricted Funds	4,288,000	4,290,200
Federal Funds	98,200	98,200
TOTAL	4,386,200	4,388,400

2. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

	2010-11	2011-12
General Fund	3,065,400	3,034,700
Restricted Funds	2,522,000	2,734,100
Federal Funds	68,700	68,700
TOTAL	5,656,100	5,837,500

3. WORKPLACE STANDARDS

	2010-11	2011-12
General Fund	1,813,100	1,795,000
Restricted Funds	77,143,400	77,450,400
Federal Funds	3,106,700	3,080,000
TOTAL	82,063,200	82,325,400

4. WORKERS' CLAIMS

	2010-11	2011-12
Restricted Funds	15,229,700	15,670,600

5. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

	2010-11	2011-12
Restricted Funds	519,800	530,800

6. WORKERS' COMPENSATION FUNDING COMMISSION

	2010-11	2011-12
Restricted Funds	106,134,700	107,315,700

(1) Commission Funding: Notwithstanding KRS 342.122(1)(c), no General Fund appropriation is provided to the Kentucky Workers' Compensation Funding Commission in fiscal year 2010-2011 and fiscal year 2011-2012.

(2) Mine Safety Funding: Notwithstanding KRS 342.1242, $952,000 in each fiscal year of the biennium from the Coal Workers' Pneumoconiosis Fund shall support mine safety compliance, education, and training in the Office of Mine Safety and Licensing.

TOTAL - LABOR CABINET

	2010-11	2011-12
General Fund	4,878,500	4,829,700
Restricted Funds	205,837,600	207,991,800
Federal Funds	3,273,600	3,246,900
TOTAL	213,989,700	216,068,400

J. PERSONNEL CABINET

Budget Units

1. GENERAL OPERATIONS

	2010-11	2011-12
General Fund	2,879,000	2,879,000
Restricted Funds	20,806,500	20,293,400
TOTAL	23,685,500	23,172,400

(1) Debt Service: Included in the above General Fund appropriation is $2,879,000 in fiscal year 2010-2011 and $2,879,000 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act. The Personnel Cabinet shall collect a pro rata assessment from all state agencies and other organizations that are supported by the new personnel and payroll system being developed. Those collections shall be deposited and retained in a separate Special Project Account within the Personnel Cabinet unless otherwise directed by this Act.

2. PUBLIC EMPLOYEES DEFERRED COMPENSATION AUTHORITY

	2010-11	2011-12
Restricted Funds	8,574,500	8,988,300

3. WORKERS' COMPENSATION BENEFITS AND RESERVE

	2010-11	2011-12
Restricted Funds	25,367,100	27,364,400

4. STATE SALARY AND COMPENSATION FUND

	2010-11	2011-12
General Fund	35,000,000	58,000,000

(1) Retirement Employer Contributions: The above General Fund appropriation provides a pool of funds to be allocated and distributed to employers of members of the Kentucky Employees Retirement System in hazardous and nonhazardous positions and employers of members of the State Police Retirement System to provide the General Fund portion of the increased employer contribution rates in accordance with the procedures contained in Part IV, State Salary/Compensation, Benefit, and Employment Policy, of this Act.

(2) Health Insurance Increased Costs: The above General Fund appropriation provides a pool of funds to be allocated to Executive Branch agencies that participate in the Public Employees Self-Insured Health Insurance Program to provide the General Fund portion of the increased cost of health insurance in accordance with the procedures contained in Part IV, State Salary/Compensation, Benefit, and Employment Policy, of this Act.

5. STATE GROUP HEALTH INSURANCE FUND

	2010-11	2011-12
General Fund	1,740,900	1,740,900

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

TOTAL - PERSONNEL CABINET

	2010-11	2011-12
General Fund	39,619,900	62,619,900

Restricted Funds	54,748,100	56,646,100
TOTAL	94,368,000	119,266,000

K. POSTSECONDARY EDUCATION

Budget Units

1. COUNCIL ON POSTSECONDARY EDUCATION

	2010-11	2011-12
General Fund (Tobacco)	5,167,100	4,737,600
General Fund	51,675,900	48,627,700
Restricted Funds	8,600,700	8,618,200
Federal Funds	17,352,000	18,352,000
TOTAL	82,795,700	80,335,500

(1) Carry Forward of General Fund Appropriation Balance: Notwithstanding KRS 45.229, the General Fund appropriation in fiscal year 2009-2010 and fiscal year 2010-2011 to the Adult Education and Literacy Funding Program shall not lapse and shall carry forward.

Notwithstanding KRS 45.229, the General Fund appropriation in fiscal year 2009-2010 and fiscal year 2010-2011 to the Science and Technology Funding Program shall not lapse and shall carry forward.

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

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

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

(5) Washington, D.C. Internship Program: Included in the above General Fund appropriation is $86,700 in fiscal year 2010-2011 and $85,800 in fiscal year 2011-2012 for scholarships to the Washington Center for Internships and Academic Seminars.

(6) Adult Education: Included in the above General Fund appropriation is $22,246,200 in fiscal year 2010-2011 and $22,023,800 in fiscal year 2011-2012 for the Kentucky Adult Education Funding Program.

(7) Contract Spaces: Included in the above General Fund appropriation is $4,713,300 in fiscal year 2010-2011 and $4,886,700 in fiscal year 2011-2012 for the Contract Spaces Program.

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

(9) Optometry Slots: If sufficient General Fund is not provided to fully fund 44 optometry slots, the Council on Postsecondary Education shall fully fund the 44 slots out of the Council's base budget.

2. KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

	2010-11	2011-12
General Fund (Tobacco)	1,000,000	1,000,000
General Fund	189,937,000	190,517,100

Restricted Funds	22,338,600	25,621,500
Federal Funds	2,470,600	2,477,300
TOTAL	215,746,200	219,615,900

(1) College Access Program: Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is $59,358,000 in fiscal year 2010-2011 and $58,764,400 in fiscal year 2011-2012 for the College Access Program.

(2) Kentucky Tuition Grant Program: Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is $31,989,000 in fiscal year 2010-2011 and $31,669,100 in fiscal year 2011-2012 for the Kentucky Tuition Grant Program.

(3) Teacher Scholarship Program: Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is $1,750,400 in fiscal year 2010-2011 and $1,732,800 in fiscal year 2011-2012 for the Teacher Scholarship Program.

(4) Kentucky National Guard Tuition Assistance Program: Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is $4,947,600 in fiscal year 2010-2011 and $4,898,100 in fiscal year 2011-2012 for the National Guard Tuition Assistance Program.

(5) Kentucky Education Excellence Scholarships (KEES): Included in the above General Fund appropriation is $89,979,700 in fiscal year 2010-2011 and $91,579,900 in fiscal year 2011-2012 for the Kentucky Educational Excellence Scholarships (KEES). Included in the above Restricted Funds appropriation is $1,899,500 in fiscal year 2010-2011 and $2,307,600 in fiscal year 2011-2012 for KEES.

(6) Work Study: Included in the above General Fund appropriation is $837,200 in fiscal year 2010-2011 and $828,800 in fiscal year 2011-2012 for the Work Study Program.

(7) Excess Lottery Revenues: Lottery revenues transferred to the Kentucky Higher Education Assistance Authority in excess of the sum of the General Fund amounts set forth in subsections (1), (2), (3), (4), and (5) of this section shall be allocated in accordance with KRS 154A.130(4)(b) and Part III, 28., of this Act. If the amount allocated to the KEES program exceeds the amount needed to fully fund KEES at the statutory individual award amounts, all excess funds shall be transferred to the KEES Reserve Trust Fund.

3. EASTERN KENTUCKY UNIVERSITY

	2010-11	**2011-12**
General Fund	68,864,600	72,221,000
Restricted Funds	143,921,700	147,939,800
Federal Funds	78,281,700	77,905,600
TOTAL	291,068,000	298,066,400

(1) Community Operations Board: Included in the above General Fund appropriation is $200,000 in fiscal year 2010-2011 and $200,000 in fiscal year 2011-2012 to provide funds to the Community Operations Board for personnel and programmatic operations of the conferencing, meeting, and community areas, and the performing arts center located in Business/Technology Center, Phase II. The Business/Technology Center, Phase II shall be governed by the Community Operations Board. Members of the board shall serve without compensation and shall not be reimbursed for expenses incurred in performance of their duties. The board shall establish policies and procedures for board operations and for facility use. The board shall make all decisions regarding use of the Business/Technology Center, Phase II including the conferencing and community areas and the performing arts center and shall make all decisions regarding personnel and programmatic operations of the conferencing and community areas and the performing arts center. The board is attached to Eastern Kentucky University for administrative purposes, and the university shall provide all facility maintenance and operations costs.

4. KENTUCKY STATE UNIVERSITY

	2010-11	**2011-12**
General Fund	24,881,500	25,146,800

Restricted Funds	25,586,600	26,816,800
Federal Funds	20,085,000	18,405,600
TOTAL	70,553,100	70,369,200

(1) Debt Service: Included in the above General Fund appropriation is $960,100 in fiscal year 2010-2011 for debt service for previously issued bonds.

5. MOREHEAD STATE UNIVERSITY

	2010-11	**2011-12**
General Fund	42,761,100	44,363,000
Restricted Funds	82,494,900	87,081,600
Federal Funds	78,164,800	77,383,400
TOTAL	203,420,800	208,828,000

(1) Debt Service: Included in the above General Fund appropriation is $1,039,600 in fiscal year 2010-2011 and $542,100 in fiscal year 2011-2012 for debt service for previously issued bonds.

6. MURRAY STATE UNIVERSITY

	2010-11	**2011-12**
General Fund	48,919,900	51,288,200
Restricted Funds	95,280,700	102,592,100
Federal Funds	18,728,400	15,642,800
TOTAL	162,929,000	169,523,100

(1) Breathitt Veterinary Center: Included in the above General Fund appropriation is $392,000 in fiscal year 2010-2011 and $392,000 in fiscal year 2011-2012 for the Breathitt Veterinary Center at Murray State University. The funds provided in this subsection are in addition to existing appropriations for the center contained in Murray State University's General Fund-supported operating budget. Notwithstanding KRS 48.130 and 48.600 and Part VI of this Act, the appropriation set forth in this subsection shall not be reduced.

7. NORTHERN KENTUCKY UNIVERSITY

	2010-11	**2011-12**
General Fund	50,301,100	50,713,000
Restricted Funds	164,928,500	174,298,700
Federal Funds	20,099,200	17,111,300
TOTAL	235,328,800	242,123,000

(1) Debt Service: Included in the above General Fund appropriation is $2,746,000 in fiscal year 2010-2011 and $675,500 in fiscal year 2011-2012 for debt service for previously issued bonds.

8. UNIVERSITY OF KENTUCKY

	2010-11	**2011-12**
General Fund (Tobacco)	250,000	250,000
General Fund	290,414,700	303,199,200
Restricted Funds	1,924,530,000	1,997,699,000
Federal Funds	231,618,800	214,395,200
TOTAL	2,446,813,500	2,515,543,400

(1) Debt Service: Included in the above General Fund appropriation is $1,370,600 in fiscal year 2010-2011 for debt service for previously issued bonds for the University of Kentucky and for Lexington Community College.

(2) Mining Engineering Scholarship Program: Notwithstanding KRS 45.4592, included in the above General Fund appropriation is $300,000 in each fiscal year from the Local Government Economic Development Fund for mining engineering scholarships.

(3) Robinson Scholars Program: Notwithstanding KRS 45.4592, included in the above General Fund appropriation is $1,000,000 in fiscal year 2010-2011 and $1,000,000 in fiscal year 2011-2012 from the Local Government Economic Development Fund for the Robinson Scholars Program.

(4) University of Kentucky Diagnostic Laboratories: Included in the above General Fund appropriation is $392,000 in fiscal year 2010-2011 and $392,000 in fiscal year 2011-2012 for the diagnostic laboratories at the University of Kentucky. The funds provided in this subsection are in addition to existing appropriations for the laboratories contained in the University of Kentucky's General Fund-supported operating budget. Notwithstanding KRS 48.130 and 48.600 and Part VI of this Act, the appropriation set forth in this subsection shall not be reduced.

9. UNIVERSITY OF LOUISVILLE

	2010-11	**2011-12**
General Fund	169,637,800	177,715,600
Restricted Funds	662,096,300	680,791,600
Federal Funds	134,458,800	124,381,800
TOTAL	966,192,900	982,889,000

(1) Debt Service: Included in the above General Fund appropriation is $7,423,800 in fiscal year 2010-2011 and $7,147,600 in fiscal year 2011-2012 for debt service for previously issued bonds.

(2) Quality and Charity Care Trust Agreement: Included in the above General Fund appropriation is $19,918,100 in fiscal year 2010-2011 and $19,718,900 in fiscal year 2011-2012 to fulfill the Commonwealth's contractual obligation relating to indigent care furnished via the Quality and Charity Care Trust Agreement.

Notwithstanding KRS 45.229, the General Fund appropriation related to the Quality and Charity Trust Agreement in fiscal year 2010-2011 shall not lapse but shall carry forward.

10. WESTERN KENTUCKY UNIVERSITY

	2010-11	**2011-12**
General Fund	74,297,800	77,377,300
Restricted Funds	233,637,900	242,421,200
Federal Funds	48,161,900	45,472,800
TOTAL	356,097,600	365,271,300

(1) Debt Service: Included in the above General Fund appropriation is $549,800 in fiscal year 2010-2011 for debt service for previously issued bonds.

11. KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM

	2010-11	**2011-12**
General Fund	195,194,200	204,706,700
Restricted Funds	345,583,100	365,098,500
Federal Funds	204,404,900	213,068,200
TOTAL	745,182,200	782,873,400

(1) Firefighters Foundation Program Fund: Included in the above Restricted Funds appropriation is $30,433,400 in fiscal year 2010-2011 and $31,283,500 in fiscal year 2011-2012 for the Firefighters Foundation Program Fund. Notwithstanding KRS 95A.250(1), supplemental payments for each qualified professional firefighter under the Firefighters Foundation Program Fund shall be $3,100 in fiscal year 2010-2011 and $3,100 in fiscal year 2011-2012.

(2) Firefighters Training Center Fund: Notwithstanding KRS 95A.262(3), $500,000 in Restricted Funds is provided in each fiscal year of the 2010-2012 fiscal biennium for the Firefighters Training Center Fund.

(3) Corrections Education: The funding for education programs at the Department of Corrections facilities, totaling $5,348,100 in each fiscal year, is located in the Adult Correctional Institutions budget unit. The faculty and staff employed by Kentucky Community and Technical College System to provide educational services and support to inmates shall be transferred to the Department of Corrections at the beginning of fiscal year 2010-2011.

(4) Conveyance of Property: (a) Notwithstanding KRS Chapter 45A, 45.777, and 164A.575(7), the Kentucky Community and Technical College System may convey to the Hopkins County Board of Education fee simple title to certain of its real property and improvements at the Madisonville Community College Technical Campus that have become surplus to Madisonville Community College with the completion of construction of the new Energy and Advanced Technology Center facility on the main campus of the college. The conveyance shall be completed at a price that is acceptable to both parties. Madisonville Community College shall use the proceeds from the conveyance of the real property for scholarships to students attending Madisonville Community College.

(b) Notwithstanding KRS Chapter 45A, 45.777, and 164A.575(7), the Kentucky Community and Technical College System may convey to Northern Kentucky University fee simple title to certain of its real property and improvements located in Campbell County that have become surplus to Gateway Community and Technical College with the creation of the new Boone Campus of Gateway Community and Technical College. The conveyance shall be completed at a price that is acceptable to both parties. Gateway Community and Technical College shall use the proceeds from the conveyance of the real property to support a capital project for Gateway Community and Technical College.

(c) Notwithstanding KRS Chapter 45A, 45.777, and 164A.575(7), the Kentucky Community and Technical College System may dispose of certain real property and improvements located in Covington, Kentucky that will become surplus to Gateway Community and Technical College with the completion of the Advanced Manufacturing Technology Facility at the Boone County Campus. Gateway Community and Technical College shall use all proceeds and interest from the disposition of the real property to support a capital project for Gateway Community and Technical College in the city limits of Covington, Kentucky.

(d) Notwithstanding KRS Chapter 45A, 45.777, and 164A.575, the Tourism, Arts and Heritage Cabinet's Department of Parks shall convey to the Kentucky Community and Technical College System (KCTCS) fee simple title to certain of its real property and improvements currently operating at General Butler State Resort Park in Carrollton, Kentucky. This property is deemed to be surplus to the needs of the Cabinet upon the cancellation of a lease between the Department of Parks and Cardinal Hill Hospital. The conveyance shall be completed at a value of $600,000 paid to Cardinal Hill Hospital for the surrender of its lease. The $600,000 is composed of $300,000 of KCTCS Restricted Funds and $300,000 of Other Funds that have been raised for this purpose. KCTCS will receive approximately 20 to 30 acres in this conveyance.

(5) Salary Increases: It is the intent of the 2010 General Assembly that employees of the Kentucky Community and Technical College System (KCTCS) who are in the University of Kentucky personnel system shall be treated the same, with respect to compensation plans and salary increases implemented by KCTCS, as all other employees of KCTCS. Specifically, KCTCS shall not utilize the practice of providing lower salary increases to KCTCS employees who are in the University of Kentucky personnel system in order to offset money paid to the University of Kentucky for the cost of providing health insurance to these employees.

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

TOTAL - POSTSECONDARY EDUCATION

	2010-11	**2011-12**
General Fund (Tobacco)	6,417,100	5,987,600
General Fund	1,206,885,600	1,245,875,600
Restricted Funds	3,708,999,000	3,858,979,000
Federal Funds	853,826,100	824,596,000

TOTAL	5,776,127,800	5,935,438,200

L. PUBLIC PROTECTION CABINET

Budget Units

1. SECRETARY

	2010-11	**2011-12**
General Fund	265,100	262,500
Restricted Funds	4,691,700	4,766,600
TOTAL	4,956,800	5,029,100

2. BOXING AND WRESTLING AUTHORITY

	2010-11	**2011-12**
Restricted Funds	138,300	140,100

3. ALCOHOLIC BEVERAGE CONTROL

	2010-11	**2011-12**
General Fund	803,000	795,000
Restricted Funds	4,896,800	5,024,100
TOTAL	5,699,800	5,819,100

4. CHARITABLE GAMING

	2010-11	**2011-12**
Restricted Funds	3,080,900	3,154,300

5. BOARD OF CLAIMS/CRIME VICTIMS' COMPENSATION BOARD

	2010-11	**2011-12**
General Fund	620,800	614,600
Restricted Funds	1,758,600	1,785,800
Federal Funds	508,700	508,700
TOTAL	2,888,100	2,909,100

6. FINANCIAL INSTITUTIONS

	2010-11	**2011-12**
Restricted Funds	9,213,200	9,213,200

7. HORSE RACING COMMISSION

	2010-11	**2011-12**
General Fund	2,999,000	2,969,000
Restricted Funds	26,139,600	26,080,400
TOTAL	29,138,600	29,049,400

8. HOUSING, BUILDINGS AND CONSTRUCTION

	2010-11	**2011-12**
General Fund	2,182,400	2,160,600
Restricted Funds	14,041,100	14,711,300

Federal Funds	1,150,100	157,900
TOTAL	17,373,600	17,029,800

(1) Funding Flexibility: Notwithstanding KRS 198B.090(10), 198B.095(2), 198B.676(2), 227.620(5), 227A.050(1) and (2), 236.130(3), and 318.136, the Department of Housing, Buildings and Construction may expend, with the approval of any affected boards, any Restricted Funds for programs administered by the Department. The Department shall return any funds transferred from a board back to the board within the fiscal biennium.

9. INSURANCE

	2010-11	**2011-12**
General Fund (Tobacco)	18,084,700	16,581,400
Restricted Funds	19,796,300	19,959,000
TOTAL	37,881,000	36,540,400

(1) Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is $18,084,700 in fiscal year 2010-2011 and $16,581,400 in fiscal year 2011-2012 for the Kentucky Access Program.

(2) Insurance License Fee and Tax: Notwithstanding any other statutory provision to the contrary, no license fee or tax imposed under KRS 91A.080 shall apply to premiums paid to insurance companies or surplus lines brokers by non-profit self-insurance groups whose membership consists of cities, counties, charter county governments, urban-county governments, consolidated local governments, school districts, or any other political subdivisions of the Commonwealth.

10. TAX APPEALS

	2010-11	**2011-12**
General Fund	384,000	380,200

TOTAL - PUBLIC PROTECTION CABINET

	2010-11	**2011-12**
General Fund (Tobacco)	18,084,700	16,581,400
General Fund	7,254,300	7,181,900
Restricted Funds	83,756,500	84,834,800
Federal Funds	1,658,800	666,600
TOTAL	110,754,300	109,264,700

M. TOURISM, ARTS AND HERITAGE CABINET

Budget Units

1. SECRETARY

	2010-11	**2011-12**
General Fund	2,761,700	2,734,100
Restricted Funds	10,088,900	10,111,900
TOTAL	12,850,600	12,846,000

(1) Outdoor Drama Grants: Included in the above Restricted Funds appropriation is $405,000 in each fiscal year for the purpose of supporting the following grants: Someday Outdoor Drama, $20,000 in each fiscal year; Stephen Foster, $81,000 in each fiscal year; Pioneer School of Drama, $28,500 in each fiscal year; Music Theater of Louisville, $9,000 in each fiscal year; Pine Knob Theater, $29,500 in each fiscal year; Kincaid Regional Theater, $27,500 in each fiscal year; Twilight Cabaret, $9,000 in each fiscal year; Horse Cave Theater, $60,000 in each fiscal year; Jenny Wiley, $39,500 in each fiscal year; Indian Fort Drama of Berea, $25,000 in each fiscal year; Fort Harrod Drama Productions, $41,000 in each fiscal year; Greenbo Lake State Resort Park, $10,000 in each fiscal year; and Russell County Ruscotown Players Production, $25,000 in each fiscal year. If the agency finds that an Outdoor

Drama grant recipient no longer exists, the appropriation for that grant shall lapse to the credit of the Tourism, Meeting, and Convention Marketing Fund established under KRS 142.406.

(2) International Mystery Writers' Festival Grant: Included in the above General Fund appropriation is $150,000 in fiscal year 2010-2011 and $150,000 in fiscal year 2011-2012 for a grant to the RiverPark Center in Owensboro to be used for the support of the International Mystery Writers' Festival. This grant is subject to a one-to-one dollar match from other funds that shall be certified by the RiverPark Center to the Office of the Secretary.

(3) Unexpended Restricted Funds: Notwithstanding KRS 45.229, included in the above Restricted Funds appropriation is $255,700 in fiscal year 2010-2011 and $255,700 in fiscal year 2011-2012 from unexpended coal severance funds from the Local Government Economic Development Fund, Multi-County Fund, from prior fiscal years for Tourism Marketing and Development on behalf of the coal-producing counties.~~[No less than $200,000 in each fiscal year shall be allocated from Tourism Marketing and Development on behalf of the coal-producing counties for fees for professional artists and entertainers performing on the Kentucky Music Trail. The Cabinet shall promote this assistance opportunity for professional artists and entertainers through its Web site and other sources, and shall send notice to the organizations this opportunity may impact. Any funds remaining after the allocation of funds for fees for professional artists and entertainers may be used for other tourism and marketing programs on behalf of the coal-producing counties.]~~ *(Veto Item #13)*

2. ARTISANS CENTER

	2010-11	**2011-12**
General Fund	300,800	297,800
Restricted Funds	1,728,100	1,750,900
Road Fund	350,000	350,000
TOTAL	2,378,900	2,398,700

3. TRAVEL

	2010-11	**2011-12**
General Fund	3,292,600	3,259,700
Restricted Funds	100,000	100,000
TOTAL	3,392,600	3,359,700

(1) Bluegrass State Games: Included in the above General Fund appropriation is $50,000 in each fiscal year for the Bluegrass State Games.

4. PARKS

	2010-11	**2011-12**
General Fund	29,901,400	30,133,100
Restricted Funds	53,296,200	54,187,300
TOTAL	83,197,600	84,320,400

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

(2) Debt Service: Included in the above General Fund appropriation is $275,000 in fiscal year 2010-2011 and $803,000 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

5. HORSE PARK COMMISSION

	2010-11	**2011-12**
General Fund	3,328,200	2,344,600
Restricted Funds	7,492,000	7,608,600

TOTAL	10,820,200	9,953,200

6. STATE FAIR BOARD

	2010-11	**2011-12**
Restricted Funds	44,342,600	45,251,500

(1) Debt Service: Included in the above Restricted Funds appropriation is $4,423,600 in fiscal year 2010-2011 and $4,422,300 in fiscal year 2011-2012 for previously issued bonds.

7. FISH AND WILDLIFE RESOURCES

	2010-11	**2011-12**
Restricted Funds	30,693,400	31,226,600
Federal Funds	17,311,300	17,581,400
TOTAL	48,004,700	48,808,000

8. HISTORICAL SOCIETY

	2010-11	**2011-12**
General Fund	6,099,600	6,038,600
Restricted Funds	702,700	724,900
Federal Funds	444,700	45,200
TOTAL	7,247,000	6,808,700

9. ARTS COUNCIL

	2010-11	**2011-12**
General Fund	3,075,800	3,045,100
Restricted Funds	153,900	153,900
Federal Funds	805,700	805,700
TOTAL	4,035,400	4,004,700

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

(2) Open Records: Any entity involved in producing or financing arts on a local or statewide basis, since the inception of fiscal year 2004-2005, which received a total of $25,000 or less as a result of appropriations or grants from state or local governmental units shall be exempt from the requirements of KRS 61.870 to 61.884.

10. HERITAGE COUNCIL

	2010-11	**2011-12**
General Fund	768,600	761,000
Restricted Funds	273,700	278,100
Federal Funds	764,700	781,900
TOTAL	1,807,000	1,821,000

11. KENTUCKY CENTER FOR THE ARTS

	2010-11	**2011-12**
General Fund	916,900	907,700

TOTAL - TOURISM, ARTS AND HERITAGE CABINET

	2010-11	**2011-12**

General Fund		50,445,600	49,521,700
Restricted Funds		148,871,500	151,393,700
Federal Funds		19,326,400	19,214,200
Road Fund	350,000	350,000	
TOTAL		218,993,500	220,479,600

PART II

CAPITAL PROJECTS BUDGET

(1) Capital Construction Fund Appropriations and Reauthorizations: Moneys in the Capital Construction Fund are appropriated for the following capital projects subject to the conditions and procedures in this Act. Items listed without appropriated amounts are previously authorized for which no additional amount is required. These items are listed in order to continue their current authorization into the 2010-2012 fiscal biennium. Unless otherwise specified, reauthorized projects shall conform to the original authorization enacted by the General Assembly.

(2) Expiration of Existing Line-Item Capital Construction Projects: All appropriations to existing line-item capital construction projects expire on June 30, 2010, unless reauthorized in this Act with the following exceptions: (a) A construction or purchase contract for the project shall have been awarded by June 30, 2010; (b) Permanent financing or a short-term line of credit sufficient to cover the total authorized project scope shall have been obtained in the case of projects authorized for bonds, provided that the authorized project completes an initial draw on the line of credit within the fiscal biennium immediately subsequent to the original authorization; and (c) Grant or loan agreements, if applicable, shall have been finalized and properly signed by all necessary parties by June 30, 2010. Notwithstanding the criteria set forth in this subsection, the disposition of 2008-2010 fiscal biennium nonstatutory appropriated maintenance pools funded from Capital Construction Investment Income shall remain subject to the provisions of KRS 45.770(5)(c).

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

(4) Appropriations for Projects Not Line-Itemized: Inasmuch as the identification of specific projects in a variety of areas of the state government cannot be ascertained with absolute certainty at this time, amounts are appropriated for specific purposes to projects which are not individually identified in this Act in the following areas: Kentucky Infrastructure Authority Water and Sewer Grant Projects, and Broadband Grant Projects; Kentucky River Authority Locks and Dams Renovation and Maintenance Pool; Repair of State-Owned Dams; Land Acquisition; Property Demolition; Guaranteed Energy Savings Performance Contract projects; Wetland and Stream Mitigation; Economic Development projects, which shall include authorization for the High-Tech Construction Pool and the High-Tech Investment Pool; Infrastructure projects; Capital Renewal and Maintenance Pool; Research Capital Match Program Pool: Heritage Land Conservation projects; Flood Control projects; Parks Renovation Pool; Parks Development Pool; Kentucky Center for the Arts Major Maintenance Renovation Pool; Bond-funded maintenance pools; Parking Garage Maintenance Pool; the Postsecondary Education Institutions Technology and Equipment Pool; the Postsecondary Education Institutions Research Support - Lab Renovation and Equipment Pool; and University Major Items of Equipment Pools. Any projects estimated to cost over $600,000 and equipment estimated to cost over $200,000 shall be reported to the Capital Projects and Bond Oversight Committee.

(5) Bond Issues for Tobacco and Non-Coal Producing Counties: Any authorized bond project from the Infrastructure for Economic Development Fund for Tobacco Counties, Water and Sewer Resource Development Fund for Tobacco Counties, and Infrastructure for Economic Development Fund for Non-Coal Producing Counties may be financed from any associated bond issue for the Infrastructure for Economic Development Fund for Tobacco Counties, Water and Sewer Resource Development Fund for Tobacco Counties, and Infrastructure for Economic Development Fund for Non-Coal Producing Counties.

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

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

A. GENERAL GOVERNMENT

Budget Units	2010-11	2011-12
1. DEPARTMENT OF VETERANS' AFFAIRS		
001. Western Kentucky Veterans' Center - Alzheimer's/General Care Unit - Additional		
Federal Funds	-0-	2,587,000
Bond Funds	-0-	1,393,000
TOTAL	-0-	3,980,000
002. Maintenance Pool - 2010-2012		
Investment Income	100,000	100,000
003. Construct Fourth State Veterans' Nursing Home Reauthorization ($10,500,000 Bond Funds, $19,500,000 Federal Funds)		
004. Construct State Veterans' Cemetery - Southeast Kentucky (Leslie County) Reauthorization ($200,000 General Fund, $6,000,000 Federal Funds)		

2. KENTUCKY INFRASTRUCTURE AUTHORITY

(1) Project Revision Authorization: Any governmental agency who has received an appropriation from the General Assembly for an infrastructure project, in the current budget or any prior year budget, may certify to the Executive Director of the Kentucky Infrastructure Authority that a specified infrastructure project is no longer an active infrastructure project or has been completed and may request reallocation of the remaining infrastructure project funds to another infrastructure project.

001. KIA Fund A - Federally Assisted Wastewater Program - 2010-2012		
Federal Funds	60,000,000	30,000,000
Bond Funds	10,000,000	10,000,000
Agency Bonds	100,000,000	-0-
TOTAL	170,000,000	40,000,000

(1) Permitted Use of Funds: The Bond Funds shall be used to meet the state match requirement for Federal Funds for the Federally Assisted Wastewater Revolving Loan Fund Program.

002. KIA Fund F - Drinking Water Revolving Loan Program - 2010-2012		
Federal Funds	40,000,000	20,000,000
Bond Funds	6,000,000	6,000,000
Agency Bonds	25,000,000	-0-
TOTAL	71,000,000	26,000,000

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

003. KIA Fund A - Federally Assisted Wastewater Program Reauthorization

($200,000,000 Agency Bonds)

004. KIA Fund F - Drinking Water Revolving Loan Program

Reauthorization ($30,000,000 Agency Bonds)

005. Infrastructure for Economic Development Fund for Coal-Producing

Counties - 2006-2008 - Additional

Bond Funds	955,100	-0-

(1) Additional Support for Previously Overprogrammed Water and Wastewater Infrastructure Pools: The above project provides additional bond support for the bond pool authorized in 2006 Ky. Acts ch. 252, Part II, A., 2., 004. and line-item projects set out in 2006 Ky. Acts ch. 252, Part II, N..

006. Infrastructure for Economic Development Fund for Non-Coal

Producing Counties - 2006-2008 - Additional

Bond Funds	1,250,000	-0-

(1) Additional Support for Previously Overprogrammed Water and Wastewater Infrastructure Pools: The above project provides additional bond support for the bond pool authorized in 2006 Ky. Acts ch. 252, Part II, A., 2., 003. and line-item projects set out in 2006 Ky. Acts ch. 252, Part II, O..

007. Infrastructure for Economic Development Fund for Coal-Producing

Counties - 2008-2010 - Additional

Bond Funds	4,240,000	-0-

(1) Additional Support for Previously Overprogrammed Water and Wastewater Infrastructure Pools: The above project provides additional bond support for the bond pool authorized in 2008 Ky. Acts ch. 123, Section 3, 004. on page 422 as amended by 2008 Ky. Acts ch. 174, Section 2 on page 797 and line-item projects set out in 2008 Ky. Acts ch. 191, Section 1 and in 2009 Ky. Acts ch. 50, Section 1.

008. Infrastructure for Economic Development Fund for Non-Coal

Producing Counties - 2008-2010 - Additional

Bond Funds	10,584,700	-0-

(1) Additional Support for Previously Overprogrammed Water and Wastewater Infrastructure Pools: The above project provides additional bond support for the bond pool authorized in 2008 Ky. Acts ch. 123, Section 3, 005. on page 422 as amended by 2008 Ky. Acts ch. 174, Section 2 on page 797 and line-item projects set out in 2008 Ky. Acts ch. 191, Section 2 and in 2009 Ky. Acts ch. 50, Section 2.

009. Pineville Utility Commission - Rehabilitation - Replacement

and/or Extension of Waterlines Reauthorization ($900,000

Bond Funds)

(1) Reauthorization and Purpose of Funds: Notwithstanding any statutory provision or agreement between a state agency and a local government to the contrary, any fund balance remaining for grants to the Pineville Utility Commission for replacement and/or extension of waterlines as appropriated in 2008 Ky. Acts ch. 191, Section 1, Bell County, 003. and 2009 Ky. Acts ch. 50, Section 1, Bell County, 003. shall be reauthorized and the funds may also be used for other sewer system upgrades.

010. City of Richmond - Richmond Utilities Robert Martin Bypass

Connector (WX21151005) Reauthorization and Reallocation

($750,000 Bond Funds)

(1) Reauthorization and Reallocation: The above project is authorized from a reallocation of the City of Richmond - Duncannon Water Tower Utilities project as set forth in 2008 Ky. Acts ch. 191, Section 2, Madison County, 004. and 2009 Ky. Acts ch. 50, Section 2, Madison County, 004..

011. City of Scottsville - Spring Valley Sewer Extension Project

(SX21003026) Reauthorization and Reallocation ($358,000

Bond Funds)

(1) Reauthorization and Reallocation: The above project is authorized from a reallocation of the City of Scottsville - Camp Courageous Water Line and Tank project as set forth in 2006 Ky. Acts ch. 252, Part II, O., Allen County, 002. and the City of Scottsville - SX21003003 - Old Gallatin Road Sewer System Improvements project as set forth in 2006 Ky. Acts ch. 252, Part II, O., Allen County, 005..

012. Southeastern Water Association - Waterline Extensions 2010

(WX21199103) Reauthorization and Reallocation ($329,000

Bond Funds)

(1) Reauthorization and Reallocation: The above project is authorized from a reallocation of the Southeastern Water Association - Sand Gap Road (WX21199069) project as set forth in 2008 Ky. Acts ch. 191, Section 2, Pulaski County, 008. and in 2009 Ky. Acts ch. 50, Section 2, Pulaski County, 008., the Southeastern Water Association - Little Rock Road/Big Rock Road Waterline Extensions project as set forth in 2008 Ky. Acts ch. 191, Section 2, Pulaski County, 010. and in 2009 Ky. Acts ch. 50, Section 2, Pulaski County, 010., and the Southeastern Water Association - Pee Ridge Road Waterline Extensions project as set forth in 2008 Ky. Acts ch. 191, Section 2, Pulaski County, 011. and in 2009 Ky. Acts ch. 50, Section 2, Pulaski County, 011..

013. Mayfield Electric and Water System - Ridgeway - Dunbar

Sewer Rehabilitation (SX21083034) Reauthorization and

Reallocation ($96,000 Bond Funds)

(1) Reauthorization and Reallocation: The above project is authorized from a reallocation of Mayfield Electric and Water System - SX21083022 - 9th and Gardner project as set forth in 2006 Ky. Acts ch. 252, Part II, O., Graves County, 006..

014. Jessamine South Elkhorn Water District - Southeast Rural

Jessamine Unserved Areas II Reauthorization and Reallocation

($243,000 Bond Funds)

(1) Reauthorization and Reallocation: The above project is authorized from a reallocation of the Jessamine South Elkhorn Water District - Southeast Rural Jessamine Unserved Areas (WX21113004) project as set forth in 2005 Ky. Acts ch. 170, Volume Ia, Part II, Infrastructure for Economic Development Fund for Tobacco Counties, Jessamine and the Jessamine South Elkhorn Water District - Tankersley Lane Water Lines Extension project as set forth in 2006 Ky. Acts ch. 252, Part II, P., Jessamine County, 009..

015. City of Salyersville - The Salyersville Water Security - Connect on Rt 40

(WX21153516) Reauthorization and Reallocation ($400,000 Bond Funds)

(1) Reauthorization and Reallocation: The above project is authorized from a reallocation of Magoffin County Water District - Magoffin Water/Paintsville Utilities Emergency Water Connect (WX21153022) as set forth in 2008 Ky. Acts ch. 191, Section 1, Magoffin County, 002..

016. Vanceburg Electric Plant Board - Vanceburg CSO Renovate (SX21135014)

Reauthorization and Reallocation ($100,000 Bond Funds)

(1) Reauthorization and Reallocation: The above project is authorized from a reallocation of Vanceburg Electric Plant Board - AA Collector (SX21135012) as set forth in 2008 Ky. Acts ch. 191, Section 2, Lewis County, 004..

017. Hancock County Fiscal Court - Boling Chapel Community Fire Hydrant

Extension (WX21091072) Reauthorization and Reallocation ($75,000 Bond

Funds)

(1) Reauthorization and Reallocation: The above project is authorized from a reallocation of Hancock County Fiscal Court - East Daviess County/Lewisport Area - Water Tower as set forth in 2006 Ky. Acts ch. 252, Part II, N., Hancock County, 002. and Hancock County Fiscal Court - Highway 60 East Water Tower Expansion as set forth in 2006 Ky. Acts ch. 252, Part II, N., Hancock County, 005..

018. Hancock County Fiscal Court - Dukes Water Tower (WX21091025)

Reauthorization and Reallocation ($75,000 Bond Funds)

(1) Reauthorization and Reallocation: The above project is authorized from a reallocation of Hancock County Fiscal Court - East Daviess County/Lewisport Area - Water Tower as set forth in 2006 Ky. Acts ch. 252, Part II, N., Hancock County, 002. and Hancock County Fiscal Court - Highway 60 East Water Tower Expansion as set forth in 2006 Ky. Acts ch. 252, Part II, N., Hancock County, 005..

019. Hancock County Fiscal Court - (WX21091079) Reauthorization and

Reallocation ($100,000 Bond Funds)

(1) Reauthorization and Reallocation: The above project is authorized from a reallocation of Hancock County Fiscal Court - East Daviess County/Lewisport Area - Water Tower as set forth in 2006 Ky. Acts ch. 252, Part II, N., Hancock County, 002. and Hancock County Fiscal Court - Highway 60 East Water Tower Expansion as set forth in 2006 Ky. Acts ch. 252, Part II, N., Hancock County, 005..

3. MILITARY AFFAIRS

001.	Construct Armory Readiness Center - Burlington		
	Federal Funds	25,000,000	-0-
002.	Construct Armory Readiness Center - Owensboro		
	Restricted Funds	3,750,000	-0-
	Federal Funds	11,250,000	-0-
	TOTAL	15,000,000	-0-
003.	Construct Multi-Purpose Building - Bluegrass Station		
	Other Funds	15,000,000	-0-

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

004.	Construct Field Maintenance Shop - Northern Kentucky		
	Federal Funds	12,000,000	-0-
005.	Construct Unheated Training and Equipment Site - WHFRTC		
	Federal Funds	12,000,000	-0-
006.	Construct Field Maintenance Shop 6 - Jackson		
	Federal Funds	10,000,000	-0-
007.	Construct Field Maintenance Shop 2 - London		
	Federal Funds	10,000,000	-0-
008.	Construct Joint Forces Readiness Center Phase I - Frankfort		
	Federal Funds	9,500,000	-0-
009.	Install Power Generators		
	Federal Funds	4,800,000	-0-
010.	Expand State Emergency Operations Center - Frankfort		

	Federal Funds	4,000,000	-0-
011.	Construct General Warehouse Building - Bluegrass Station		
	Other Funds	3,700,000	-0-
	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.		
012.	Roof Replacement and Repair - Bluegrass Station		
	Restricted Funds	2,500,000	-0-
013.	Construct Administration Building - Disney Training Center		
	Federal Funds	2,420,000	-0-
014.	Extend Utility Lines - Bluegrass Station		
	Restricted Funds	2,300,000	-0-
015.	Parking Improvements - Bluegrass Station		
	Restricted Funds	2,200,000	-0-
016.	Maintenance Pool - 2010-2012		
	Investment Income	1,000,000	1,000,000
017.	Construct Joint Support Operations Center Phase IV		
	Federal Funds	1,806,000	-0-
018.	Construct Parts Warehouse - Bluegrass Station		
	Restricted Funds	1,800,000	-0-
019.	Construct Fire Rescue Training Center - WHFRTC		
	Restricted Funds	1,500,000	-0-
020.	Construct Vault - Bluegrass Station		
	Restricted Funds	700,000	-0-
021.	Construct Roadway and Sewage Plant - Bluegrass Station		
	Restricted Funds	1,700,000	-0-
022.	Install Backup Generators - Bluegrass Station		
	Restricted Funds	1,000,000	-0-
023.	Install Digital Fiber - Bluegrass Station		
	Restricted Funds	1,500,000	-0-
024.	Kenton County - Lease		
025.	Fayette County - Lease		
026.	Fayette/Clark County - Lease		
027.	Fayette/Clark County - Lease		
028.	Fayette/Clark County - Lease		
029.	Construct Pole Barns at Bluegrass Station Reauthorization		
	($2,200,000 Restricted Funds)		
030.	Construct Field Maintenance Shop 1 Conversion Reauthorization		
	($1,200,000 Federal Funds)		
031.	Construct Field Maintenance Shop 8 Conversion Reauthorization		

($1,200,000 Federal Funds)

032. Construct Multi-Purpose Machine Gun Range Wendell H. Ford Regional Training Center Reauthorization ($850,000 Federal Funds)

4. DEPARTMENT FOR LOCAL GOVERNMENT

001. Flood Control Matching Fund - 2010-2012

Bond Funds	-0-	3,000,000

002. Franklin County - Lease

003. Garrard County Fiscal Court - Renovation of Grand Theater and Improvements to Lancaster Public Square Reauthorization and Reallocation ($1,500,000 Bond Funds)

(1) Reauthorization, Reallocation, and Purpose of Funds: The above project is authorized from a reallocation of the Herrington Lake State Park and Lodge - Design and Land Acquisition project as set forth in 2005 Ky. Acts ch. 173, Part II, B., 1., 003. The funds appropriated for the above project may be used for the renovation of the Grand Theater, the repayment of any line of credit used for the renovation, and for improvements to the public square in the city of Lancaster.

004. Bell County Fiscal Court - Projects and/or Equipment Reauthorization ($1,100,000 Restricted Funds)

(1) Reauthorization and Purpose of Funds: Notwithstanding any statutory provision or agreement between a state agency and a local government to the contrary, any fund balance remaining for grants to the Bell County Fiscal Court for projects and/or equipment as appropriated in 2008 Ky. Acts ch. 123, Section 3, L., Bell County, 022., shall be reauthorized. The funds appropriated for the aforementioned project may also be used for operations.

005. City of Covington - Times Star Commons - Planning Reauthorization ($750,000 Bond Funds and $250,000 General Fund)

(1) Reauthorization: The above project from 2006 Ky. Acts ch. 252, Part II, P., Kenton County, 002. and 2006 Ky. Acts ch. 252, Part II, P., Kenton County, 001. shall be reauthorized for the 2010-2012 fiscal biennium.

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

(1) Reauthorization: The above project from 2006 Ky. Acts ch. 252, Part II, P., Kenton County, 003. shall be reauthorized for the 2010-2012 fiscal biennium.

5. ATTORNEY GENERAL

001. Franklin County - Lease

6. UNIFIED PROSECUTORIAL SYSTEM

a. Commonwealth's Attorneys

001. Jefferson County - Lease

7. TREASURY

001. Lease-Purchase Check Printers and Fold Sealers

Investment Income	277,000	277,000

8. AGRICULTURE

001. Franklin County - Lease

9. KENTUCKY RETIREMENT SYSTEMS

001. Franklin County - Lease

10. OCCUPATIONAL AND PROFESSIONAL BOARDS AND COMMISSIONS

a. Nursing

001. Jefferson County - Lease

11. KENTUCKY RIVER AUTHORITY

001. Kentucky River Locks and Dams Maintenance and Renovations Pool - 2010-2012

Restricted Funds	3,290,000	375,000

002. Kentucky River Locks and Dams Maintenance and Renovations Pool Reauthorization ($19,200,000 Agency Bonds)

12. SCHOOL FACILITIES CONSTRUCTION COMMISSION

001. Offers of Assistance - 2008-2010

Bond Funds	150,000,000	-0-

002. Urgent Needs School Trust Fund Reauthorization ($11,300,000 Bond Funds)

003. School Facilities Construction Commission Reauthorization ($73,000,000 Bond Funds)

004. Urgent Needs School Trust Fund - 2010-2012

Bond Funds	65,494,000	-0-

13. TEACHERS' RETIREMENT SYSTEM

001. KTRS Pension Management System II

Restricted Funds	19,650,000	-0-

002. KTRS Pension Management System Reauthorization ($1,200,000 Restricted Funds)

B. ECONOMIC DEVELOPMENT CABINET

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

(2) Use of New Economy Funds: Notwithstanding 2006 Ky. Acts ch. 252, Part II, C., the $20,000,000 in the New Economy High-Tech Construction/Investment Pool is available for projects and loans approved by the Kentucky Economic Development Finance Authority under the terms and conditions of its existing loan programs as well as for projects in the high-tech construction pool and the high-tech investment pool in KRS 154.12-278.

Budget Units	**2010-11**	**2011-12**

1. SECRETARY

001. High Tech Construction/Investment Pool

	Bond Funds	5,000,000	-0-
002.	Parking Garage Maintenance Pool		
	Capital Construction Surplus	1,000,000	-0-
2.	**FINANCIAL INCENTIVES**		
001.	Economic Development Bonds BRAC		
	Bond Funds	38,495,000	-0-
002.	Kentucky Economic Development Finance Authority Loan Pool		
	Bond Funds	25,000,000	-0-
003.	Economic Development Bond Pool - 2010-2012		
	Bond Funds	7,500,000	-0-

C. DEPARTMENT OF EDUCATION

Budget Units		**2010-11**	**2011-12**
1.	**OPERATIONS AND SUPPORT SERVICES**		
001.	Maintenance Pool - 2010-2012		
	Investment Income	675,000	675,000

D. EDUCATION AND WORKFORCE DEVELOPMENT CABINET

Budget Units		**2010-11**	**2011-12**
1.	**GENERAL ADMINISTRATION AND PROGRAM SUPPORT**		
001.	Maintenance Pool - 2010-2012		
	Investment Income	300,000	300,000
2.	**KENTUCKY EDUCATIONAL TELEVISION**		
001.	Maintenance Pool - 2010-2012		
	Investment Income	100,000	100,000
3.	**LIBRARIES AND ARCHIVES**		
a.	**General Operations**		
001.	Franklin County - Lease		
4.	**VOCATIONAL REHABILITATION**		
001.	Fayette County - Lease		

E. ENERGY AND ENVIRONMENT CABINET

Budget Units		**2010-11**	**2011-12**
1.	**SECRETARY**		
001.	Kentucky Heritage Land Conservation Fund - Additional		
	Bond Funds	-0-	15,000,000
002.	Maintenance Pool - 2010-2012		
	Investment Income	200,000	200,000
2.	**ENVIRONMENTAL PROTECTION**		
001.	Petroleum Storage Tank Environmental Assurance Fund		

	Bond Funds	25,000,000	25,000,000
002.	Hazardous Waste Management Fund - 2010-2012		
	Restricted Funds	2,100,000	2,100,000
003.	State-Owned Dam Repair - 2010-2012		
	Bond Funds	-0-	2,000,000
004.	Franklin County - Lease - 300 Fair Oaks		
005.	Franklin County - Lease - 200 Fair Oaks		

3. NATURAL RESOURCES

001. Franklin County - Lease

F. FINANCE AND ADMINISTRATION CABINET

Budget Units		**2009-10**	**2010-11**	**2011-12**
1.	**FACILITIES AND SUPPORT SERVICES**			
001.	Maintenance Pool - 2010-2012			
	Bond Funds	-0-	3,500,000	1,725,000
002.	Spindletop Renovation for Advanced Battery Research			
	Bond Funds	-0-	1,000,000	-0-
003.	Daviess County - Lease			
004.	Guaranteed Energy Savings Performance Contracts			
2.	**COMMONWEALTH OFFICE OF TECHNOLOGY**			

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

001.	Enterprise Cyber Security and Identity Management			
	Restricted Funds	-0-	2,250,000	2,250,000
002.	Equipment Leases			
	Restricted Funds	1,500,000	2,000,000	-0-
003.	Enterprise GIS Software and Imaging Upgrade			
	Restricted Funds	-0-	500,000	500,000
	Federal Funds	-0-	1,142,000	1,142,000
	TOTAL	-0-	1,642,000	1,642,000
004.	Enterprise Data Center Upgrade - 2010-2012			
	Restricted Funds	-0-	1,000,000	1,000,000
005.	Enterprise Application Infrastructure - 2010-2012			
	Restricted Funds	-0-	400,000	400,000
006.	Franklin County - Lease			
3.	**REVENUE**			
001.	Comprehensive Tax System - Additional			
	Bond Funds	-0-	4,500,000	-0-
002.	Cigarette Excise Tax Filing and Reporting System			

Restricted Funds	-0-	1,200,000	-0-

003. Franklin County - Lease

4. KENTUCKY LOTTERY CORPORATION

001. Potential Buyout of On-Line Gaming System

Other Funds	-0-	20,000,000	-0-

002. Contingency on Property Adjacent to New Headquarters

Other Funds	-0-	4,500,000	-0-

003. Data Processing, Telecommunications, and Related Equipment

Other Funds	-0-	3,000,000	-0-

004. Instant Ticket Vending Machines

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

005. Integration with New Online System

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

G. HEALTH AND FAMILY SERVICES CABINET

Budget Units	**2010-11**	**2011-12**
1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT		
001. Maintenance Pool - 2010-2012		
Bond Funds	1,750,000	850,000
2. COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS		
001. Jefferson County - Lease		
3. BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES		
001. Eastern State Hospital Replacement		
Other Funds	129,005,000	-0-

(1) Property Lease: The Finance and Administration Cabinet and the Cabinet for Health and Family Services are authorized to execute a long-term lease with the University of Kentucky for property at the University of Kentucky's Coldstream Research Campus on Newtown Pike in Lexington, Kentucky for the sum of one dollar per year for 99 years, on which to locate a new mental health facility to replace Eastern State Hospital.

(2) Financing, Design and Construction, and Lease-Rental Payments: The Finance and Administration Cabinet is authorized to enter into an agreement with the Lexington-Fayette Urban-County Government, or its public properties corporation, to provide the financing for a new mental health facility to replace Eastern State Hospital. The Finance and Administration Cabinet, on behalf of the Cabinet for Health and Family Services, shall procure the design and construction of a new mental health facility to replace Eastern State Hospital. The Cabinet for Health and Family Services is authorized to make lease-rental payments to the Lexington-Fayette Urban-County Government, or its public properties corporation, upon the cabinet's occupancy of the new mental health facility.

(3) Agreement Approval: Subsections (1) and (2) above are contingent upon the execution and approval by the University of Kentucky Board of Trustees, the Secretary of the Finance and Administration Cabinet on behalf of the Cabinet for Health and Family Services, and the Lexington-Fayette Urban-County Government, or its public properties corporation, of all contractual agreements required by subsections (1) and (2) above. The executed agreements shall be reported to the Interim Joint Committee on Appropriations and Revenue and the Capital Projects and Bond Oversight Committee.

(4) Vacate Facilities: The Kentucky Community and Technical College System is authorized to vacate the property on the current Bluegrass Community and Technical College, Cooper Drive Campus, located in Lexington, Kentucky, as determined and agreed to by the University of Kentucky and the Kentucky Community and Technical College System.

(5) Transfer of Existing Property: The Finance and Administration Cabinet is authorized to transfer the state property known as Eastern State Hospital, occupied by the Cabinet for Health and Family Services on West Fourth Street in Lexington, Kentucky, to the Kentucky Community and Technical College System at an appropriate time consistent with the relocation of the Cabinet for Health and Family Services' programs from that property to the new mental health facility, as determined by the Secretary of the Finance and Administration Cabinet.

(6) Project Status Report: The Finance and Administration Cabinet shall continue to report the status of the Replacement of Eastern State Hospital project to the Interim Joint Committee on Appropriations and Revenue. Project status reports to the Interim Joint Committee on Appropriations and Revenue shall be required every six months until project completion.

002. Replacement of Glasgow State Nursing Facility		
Bond Funds	18,000,000	-0-
003. Oakwood Specialty Clinic		
Bond Funds	-0-	2,164,000
004. Franklin County - Lease		

4. INCOME SUPPORT

001. Franklin County - Lease

002. Jefferson County - Lease

5. COMMUNITY BASED SERVICES

001. Boone County - Lease

002. Boyd County - Lease

003. Campbell County - Lease

004. Daviess County - Lease

005. Fayette County - Lease - Centre Parkway

006. Fayette County - Lease

007. Hardin County - Lease

008. Johnson County - Lease

009. Kenton County - Lease - Madison Avenue

010. Kenton County - Lease

011. Shelby County - Lease

012. Warren County - Lease

H. JUSTICE AND PUBLIC SAFETY CABINET

Budget Units	**2010-11**	**2011-12**
1. JUVENILE JUSTICE		
001. Maintenance Pool - 2010-2012		
Investment Income	250,000	250,000
002. Franklin County - Lease		
2. STATE POLICE		
001. Maintenance Pool - 2010-2012		

	Investment Income	300,000	300,000
3.	**CORRECTIONS**		
	a. **Corrections Management**		
	001. Franklin County - Lease		
	b. **Adult Correctional Institutions**		
	001. Northpoint Training Center - Rebuild from Fire		
	Bond Funds	18,800,000	-0-
	002. Maintenance Pool - 2010-2012		
	Bond Funds	2,750,000	2,750,000
	003. Kentucky State Reformatory Renovate, Upgrade, Replace Electrical Lines		
	Bond Funds	4,200,000	-0-
	004. W. Kentucky Correctional Complex Renovate Two Minimum Security Dorms		
	Bond Funds	370,000	-0-
4.	**PUBLIC ADVOCACY**		
	001. Franklin County - Lease		

I. LABOR CABINET

Budget Units		**2010-11**	**2011-12**
1.	**SECRETARY**		
	001. Franklin County - Lease		
2.	**WORKERS' CLAIMS**		
	001. Franklin County - Lease		

J. PERSONNEL CABINET

Budget Units		**2009-10**	**2010-11**	**2011-12**
1.	**GENERAL OPERATIONS**			
	001. Replace Personnel Payroll System - Additional			
	Bond Funds	22,900,000	-0-	-0-

K. POSTSECONDARY EDUCATION

(1) Agency Bond-Funded Projects for Public Postsecondary Institutions: The governing board of a public postsecondary institution shall certify in writing prior to issuance of Agency Bonds as set forth in Part II, Capital Projects Budget, of this Act that the project: (a) Will generate sufficient funds to retire the bonded indebtedness and pay for ongoing operating expenses; or (b) Will not result in an increase in tuition. The governing board shall submit a copy of the certification to the President of the Council on Postsecondary Education, the Secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee.

(2) Lease-Purchase Agreements for Public Postsecondary Institutions: Where applicable, authorization for a lease-purchase capital project for a public postsecondary institution as set forth in Part II, Capital Projects Budget, of this Act is provided pursuant to KRS 45.763.

(3) Operations and Maintenance Funding: It is the intent of the 2010 General Assembly that public postsecondary institutions should not base any decision to proceed with any capital project authorized in Part II,

Capital Projects Budget, of this Act, that is funded from Agency Bonds, Restricted Funds, or Other Funds on an expectation of receiving General Fund moneys for the operations and maintenance of that facility in future bienniums.

Budget Units		2009-10	2010-11	2011-12
1.	**COUNCIL ON POSTSECONDARY EDUCATION**			
001.	KYVL Upgrade/Replace Integrated Library System			
	Restricted Funds	-0-	7,500,000	-0-
002.	KYVC/KYVL Statewide Licenses Pool Phase I			
	Restricted Funds	-0-	4,000,000	-0-
003.	Create Infrastructure Integrate Internet 2 Phase I			
	Restricted Funds	-0-	3,250,000	-0-
004.	Purchase P-20 Seamless Data Warehouse Phase I			
	Restricted Funds	-0-	3,000,000	-0-
005.	KYVL Federated Search Portal Consortium Phase 2			
	Restricted Funds	-0-	1,400,000	1,400,000
006.	Purchase eLearning Developmental Delivery and Management System Phase I			
	Restricted Funds	-0-	2,800,000	-0-
007.	Statewide Transfer Technology System			
	Restricted Funds	-0-	1,000,000	1,000,000
008.	Purchase P-20 Learning Object Repository Phase I - Additional Reauthorization ($2,000,000 Restricted Funds)			
	Restricted Funds	-0-	2,000,000	-0-
009.	KYVL Kentuckiana Digital Library Expansion Phase I			
	Restricted Funds	-0-	1,250,000	-0-
010.	Course Redesign Initiative Phase I			
	Restricted Funds	-0-	500,000	500,000
011.	Purchase Asset Management System Phase I			
	Restricted Funds	-0-	500,000	-0-
012.	Expand GoHigher Portal - Additional Reauthorization ($500,000 Restricted Funds)			
	Restricted Funds	-0-	200,000	-0-
013.	Purchase KYVL Research Data Bases Phase I Reauthorization ($3,500,000 Restricted Funds)			
014.	Purchase KYVL Interlibrary Loan System - Additional Reauthorization ($1,250,000 Restricted Funds)			
015.	Purchase Multi-Media Streaming System Phase I Reauthorization ($1,000,000 Restricted Funds)			
016.	Purchase KYVL Interactive Library Tools Reauthorization ($300,000 Restricted Funds)			

017. Purchase Statewide Lifelong Learning Portal Phase I Reauthorization ($500,000 Restricted Funds)

018. Upgrade Council on Postsecondary Education Technology Infrastructure Phase I Reauthorization ($500,000 Restricted Funds)

019. Purchase Mobile Learning Infrastructure Phase I Reauthorization ($1,000,000 Restricted Funds)

020. Purchase Longitudinal Postsecondary Education Data Warehouse Phase I Reauthorization ($2,000,000 Restricted Funds)

021. Purchase Portable Training Labs Reauthorization ($300,000 Restricted Funds)

022. Purchase Interactive Television (ITV) System - Additional Reauthorization ($1,000,000 Restricted Funds)

023. Install Scholarly and Electronic Comm Repos Phase I Reauthorization ($750,000 Restricted Funds)

024. Franklin County - Lease

2. KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

001. Kentucky Higher Education Student Loan Corporation - Jefferson County - Lease

3. EASTERN KENTUCKY UNIVERSITY

001. Construct New Student Housing - Additional Reauthorization ($21,000,000 Agency Bonds)

Agency Bonds	-0-	15,000,000	-0-

002. Construct Regional Health Facility

Federal Funds	-0-	12,500,000	-0-

003. Renovate Residence Hall

Agency Bonds	-0-	12,000,000	-0-

004. Construct Bio-Fuels Research Facility

Federal Funds	-0-	12,000,000	-0-

005. Construct Student Athlete Support Facility

Restricted Funds	-0-	5,850,000	-0-

006. Renovate HVAC Systems

Restricted Funds	-0-	5,000,000	-0-

007. Construct EKU Early Childhood Center

Restricted Funds	-0-	3,284,000	-0-

008. Purchase Minor Projects Equipment - Additional Reauthorization ($500,000 Restricted Funds)

Restricted Funds	-0-	2,500,000	-0-

009. Construct North Residential District Retail Unit

Agency Bonds	-0-	2,250,000	-0-

010. Alumni Coliseum Addition/Field House Shell

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

011. Renovate Blanton House

Restricted Funds	-0-	1,100,000	-0-

012. Expand/Upgrade Campus Data Network

Restricted Funds	-0-	1,000,000	-0-

013. Upgrade Academic Computing System

Restricted Funds	-0-	1,000,000	-0-

014. Purchase of Adjacent Property Reauthorization ($3,000,000 Restricted Funds)

015. Renovate Property Reauthorization ($2,000,000 Restricted Funds)

016. Renovate Women's Softball Complex Reauthorization ($1,500,000 Other Funds)

017. Miscellaneous Maintenance Pool Reauthorization ($5,000,000 Restricted Funds)

018. Guaranteed Energy Savings Performance Contracts

019. Construct Eastern Kentucky University Hotel/Learning Center

Other Funds	-0-	40,000,000	-0-

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

020. Construct Energy Research Building

Restricted Funds	-0-	1,000,000	-0-

4. KENTUCKY STATE UNIVERSITY

001. Construct New Residence Hall Phase III

Other Funds	-0-	46,080,000	-0-

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

002. Renovate Old Federal Building - Additional

Federal Funds	-0-	3,000,000	-0-

003. Construct Aquaculture Academic Research Facility - Additional Reauthorization ($4,300,000 Federal Funds)

Federal Funds	-0-	2,500,000	-0-

004. Acquire Land/Campus Master Plan 2010

Restricted Funds	-0-	1,000,000	-0-
Federal Funds	-0-	1,000,000	-0-
TOTAL	-0-	2,000,000	-0-

005. Athletics Project Pool - Additional Reauthorization ($1,025,000

	Restricted Funds)			
	Restricted Funds	-0-	1,443,000	-0-
006.	Guaranteed Energy Savings Performance Contracts			
5.	**MOREHEAD STATE UNIVERSITY**			
001.	Construct Athletic Administration and Sports Performance Building			
	Restricted Funds	-0-	19,072,000	-0-
	Other Funds	-0-	6,357,000	-0-
	TOTAL	-0-	25,429,000	-0-
002.	Construct Food Service/Retail and Parking Structure			
	Agency Bonds	-0-	14,786,000	-0-
003.	Construct Plant Facilities			
	Restricted Funds	-0-	7,155,000	-0-
004.	Capital Renewal and Maintenance Pool - E&G			
	Restricted Funds	-0-	6,795,000	-0-
005.	Construct Classroom to the Community Facility			
	Restricted Funds	-0-	4,160,000	-0-
	Other Funds	-0-	2,000,000	-0-
	TOTAL	-0-	6,160,000	-0-
006.	Enhance Network/Infrastructure Resources			
	Restricted Funds	-0-	5,650,000	-0-
007.	Upgrade Instructional PCs/LANS/Peripherals			
	Restricted Funds	-0-	5,000,000	-0-
008.	Renovate West Mignon Residence Hall			
	Agency Bonds	-0-	4,948,000	-0-
009.	Renovate East Mignon Residence Hall			
	Agency Bonds	-0-	4,948,000	-0-
010.	Renovate Academic Center and Tennis Team Facilities			
	Restricted Funds	-0-	4,848,000	-0-
011.	Acquire Land Related to Master Plan			
	Restricted Funds	-0-	4,000,000	-0-
012.	Purchase Equipment for Center for Health, Education, and Research			
	Restricted Funds	-0-	3,813,000	-0-
013.	Comply with ADA - E&G			
	Restricted Funds	-0-	3,449,000	-0-
014.	Comply with ADA - Auxiliary			
	Agency Bonds	-0-	3,065,000	-0-

015.	Upgrade Administrative Office Systems			
	Restricted Funds	-0-	3,000,000	-0-
016.	Retube Coal Fired Boilers			
	Restricted Funds	-0-	3,000,000	-0-
017.	Replace Exterior Precast Panels - Nunn Hall			
	Agency Bonds	-0-	3,000,000	-0-
018.	Construct Residential Facility - University Farm			
	Agency Bonds	-0-	2,524,000	-0-
019.	Reconstruct Central Campus			
	Restricted Funds	-0-	2,500,000	-0-
020.	Capital Renewal and Maintenance Pool - Auxiliary			
	Agency Bonds	-0-	2,284,000	-0-
021.	Purchase Instructional Technology Initiatives			
	Restricted Funds	-0-	2,045,000	-0-
022.	Construct Honors College Facility			
	Restricted Funds	-0-	1,802,000	-0-
023.	Construct Classroom/Lab Building - Browning Orchard			
	Restricted Funds	-0-	1,452,000	-0-
024.	Plan and Design Library Facility			
	Restricted Funds	-0-	1,350,000	-0-
025.	Upgrade Fire Alarms			
	Restricted Funds	-0-	1,344,000	-0-
026.	Upgrade and Expand Distance Learning			
	Restricted Funds	-0-	1,150,000	-0-
027.	Capital Renewal and Maintenance Pool - University Farm			
	Restricted Funds	-0-	1,076,000	-0-
028.	Enhance Library Automation Resources			
	Restricted Funds	-0-	1,040,000	-0-
029.	Expand Life Safety - Claypool-Young Building			
	Restricted Funds	-0-	1,040,000	-0-
030.	Purchase Equipment for Biochemistry Lab			
	Restricted Funds	-0-	400,000	-0-
031.	Guaranteed Energy Savings Performance Contracts			
032.	Renovate Mignon Tower Residence Hall Reauthorization			
	($5,682,000 Agency Bonds)			
6.	**MURRAY STATE UNIVERSITY**			
001.	Construct New Breathitt Veterinary Center			
	Restricted Funds	-0-	30,000,000	-0-

002.	Renovate Blackburn Science			
	Restricted Funds	-0-	28,903,000	-0-
003.	Renovate Lovett Auditorium			
	Restricted Funds	-0-	21,967,000	-0-
004.	Construct Paducah Regional Campus Facility			
	Other Funds	-0-	17,646,000	-0-

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

005.	Complete Capital Renewal - E&G Pool < $600,000			
	Restricted Funds	-0-	14,783,000	-0-
006.	Upgrade Campus Electrical Distribution System			
	Restricted Funds	-0-	11,079,000	-0-
007.	Renovate College Courts			
	Agency Bonds	-0-	10,000,000	-0-
008.	Renovate Elizabeth Hall			
	Agency Bonds	-0-	8,896,000	-0-
009.	Complete ADA Compliance - E&G Pool < $600,000			
	Restricted Funds	-0-	4,604,000	-0-
010.	Construct Multipurpose Practice Facility			
	Restricted Funds	-0-	4,000,000	-0-
011.	Chemistry Instructional and Research Instruments			
	Restricted Funds	-0-	2,450,000	-0-
012.	Acquire Farm Laboratory Land			
	Restricted Funds	-0-	2,000,000	-0-
013.	College of Science Instructional/Research Equipment			
	Restricted Funds	-0-	2,000,000	-0-
014.	Complete Business and Research Center Tenant Space			
	Restricted Funds	-0-	1,948,000	-0-
015.	Replace Breathitt Veterinary Center Heating and Cooling System			
	Restricted Funds	-0-	1,860,000	-0-
016.	Campus Desktop Virtualization			
	Restricted Funds	-0-	1,725,000	-0-
017.	Construct Livestock Instructional Laboratory			
	Restricted Funds	-0-	1,700,000	-0-
018.	ITV Upgrades to Murray State University System			
	Restricted Funds	-0-	1,453,000	-0-
019.	Demolish Ordway Hall			
	Restricted Funds	-0-	1,158,000	-0-

020.	Student Desktop Virtualization			
	Restricted Funds	-0-	1,150,000	-0-
021.	Complete Life Safety Projects - E&G Pool < $600,000			
	Restricted Funds	-0-	1,042,000	-0-
022.	Upgrade Applied Science Electrical System			
	Restricted Funds	-0-	1,029,000	-0-
023.	Renovate Curris Center T'Room and Food Service Equipment			
	Agency Bonds	-0-	1,008,000	-0-
024.	Install Sprinkler System - Blackburn Science Building			
	Restricted Funds	-0-	1,000,000	-0-
025.	Acquire Land			
	Restricted Funds	-0-	1,000,000	-0-
026.	Construct Open-Sided Stall Barn at Expo Center			
	Restricted Funds	-0-	992,000	-0-
027.	Renovate Pogue Library Electric and HVAC			
	Restricted Funds	-0-	978,000	-0-
028.	Replace Central Plant Boilers			
	Restricted Funds	-0-	820,000	-0-
029.	Renovate A. Carman Pavilion - Completion			
	Restricted Funds	-0-	605,000	-0-
030.	Scanning Electron Microscope - Hancock Biological Station			
	Restricted Funds	-0-	25,000	-0-
	Federal Funds	-0-	425,000	-0-
	TOTAL	-0-	450,000	-0-

031. Construct Electrical Generation Plant Reauthorization ($6,050,000 Other Funds)

(1) **Reauthorization:** The above reauthorization is approved pursuant to KRS 45.763.

032. Construct College Courts Housing Reauthorization ($17,900,000 Other Funds)

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

033. Guaranteed Energy Savings Performance Contracts

7. NORTHERN KENTUCKY UNIVERSITY

001.	Acquire Land/Master Plan 2010-2012			
	Agency Bonds	20,000,000	-0-	-0-
002.	Reconstruct Central Plaza Phase II			
	Other Funds	-0-	17,500,000	-0-
003.	Renew/Renovate University Center Phase II			
	Other Funds	-0-	12,000,000	-0-

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

004. Construct Center for Informatics - Additional Reauthorization

($35,500,000 Bond Funds, $5,500,000 Federal Funds, $10,000,000 Other Funds)

Restricted Funds	-0-	4,000,000	-0-
Federal Funds	-0-	2,000,000	-0-
Other Funds	-0-	6,000,000	-0-
TOTAL	-0-	12,000,000	-0-

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

005. Construct Alumni Center

Other Funds	-0-	10,500,000	-0-

006. Acquire Radio Communications

Agency Bonds	10,000,000	-0-	-0-

007. Acquire/Renovate Gateway/Highland Heights Campus

Agency Bonds	-0-	7,500,000	-0-

008. Enhance Softball and Tennis Complex

Other Funds	-0-	5,500,000	-0-

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

009. Relocate Early Childcare Center

Other Funds	-0-	5,200,000	-0-

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

010. Enhance Instructional Technology

Restricted Funds	-0-	5,090,000	-0-

011. Renew/Renovate Fine Arts Center

Restricted Funds	-0-	5,000,000	-0-

012. Renew/Renovate Regents Hall

Restricted Funds	-0-	4,000,000	-0-

013. Renovate Old Civic Center Building

Agency Bonds	-0-	3,700,000	-0-

014. Repair Structural Heaving Landrum and Fine Arts

Restricted Funds	-0-	3,500,000	-0-

015. Initiate Phase II of Master Plan

Restricted Funds	-0-	3,500,000	-0-

016. Renovate Applied Science and Technology First Floor

Restricted Funds	-0-	3,300,000	-0-

017. E&G Minor Projects Pool 2010-2012

Restricted Funds	-0-	3,200,000	-0-

018. Renovate/Expand Baseball Field

	Other Funds	-0-	3,000,000	-0-
	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
019.	Design Center for Legal Education			
	Other Funds	-0-	3,000,000	-0-
	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
020.	Design Renovation/Expansion of Albright Health Center			
	Other Funds	-0-	3,000,000	-0-
	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
021.	Renew E&G Fire Alarm Systems			
	Restricted Funds	-0-	2,875,000	-0-
022.	Housing/Minor Projects Pool 2010-2012			
	Restricted Funds	-0-	2,750,000	-0-
023.	Upgrade Communication and Network Infrastructure			
	Restricted Funds	-0-	2,500,000	-0-
024.	Construct Intramural Fields			
	Restricted Funds	-0-	2,500,000	-0-
025.	Repair University Drive Parking Garage			
	Agency Bonds	-0-	2,000,000	-0-
026.	Enhance Information Technology Infrastructure			
	Restricted Funds	-0-	1,850,000	-0-
027.	Renew E&G Elevators 2010-2012			
	Restricted Funds	-0-	1,400,000	-0-
028.	Design Chiller Plant			
	Restricted Funds	-0-	1,000,000	-0-
029.	Implement Web 2.0 and Mobile Applications			
	Restricted Funds	-0-	1,000,000	-0-
030.	Restore Albright Health Center Roof			
	Restricted Funds	-0-	995,000	-0-
031.	Lease-Purchase Coach Bus			
	Restricted Funds	-0-	690,000	-0-
032.	Replace Mobile TV Production Unit			
	Restricted Funds	-0-	650,000	-0-
033.	Improve Customer Service Systems and Technology			
	Restricted Funds	-0-	600,000	-0-
034.	Purchase FT - IR and Raman Microscope			
	Restricted Funds	-0-	395,000	-0-
035.	Purchase DNA Analyzer System			
	Restricted Funds	-0-	390,000	-0-

036. Purchase Field Emission Microscope

Restricted Funds	-0-	380,000	-0-

037. Purchase Materials Strength Testing Equipment

Restricted Funds	-0-	325,000	-0-

038. Lease-Purchase Large Format Color Press

Other Funds	-0-	325,000	-0-

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

039. Purchase Mobile Science Lab

Restricted Funds	-0-	320,000	-0-

040. Purchase ICP - Mass Spectrometer

Restricted Funds	-0-	300,000	-0-

041. Purchase Optical Paragetic Oscillator

Restricted Funds	-0-	295,000	-0-

042. Purchase DART Mass Spectrometer

Restricted Funds	-0-	295,000	-0-

043. Purchase Fluorescence Life-Time Apparatus

Restricted Funds	-0-	295,000	-0-

044. Purchase Calorimetry Instrumentation

Restricted Funds	-0-	295,000	-0-

045. Purchase Ion Beam System

Restricted Funds	-0-	270,000	-0-

046. Purchase Concrete Testing Equipment

Restricted Funds	-0-	250,000	-0-

047. Campbell County - Gateway Building - Lease

048. Kenton County - METS Lease

049. Lease - Academic Space Highland Heights

050. Guaranteed Energy Savings Performance Contracts

051. Acquire and Renovate Residence Halls

Other Funds	-0-	3,000,000	-0-

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

052. Lease-Purchase Administrative Application System Phase IV

Restricted Funds	-0-	15,000,000	-0-

053. Design Parking Garage Expansion

Restricted Funds	-0-	1,000,000	-0-

054. Design College of Business Building

Other Funds	-0-	600,000	-0-

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

8. UNIVERSITY OF KENTUCKY

001.	Expand Patient Care Facility - Hospital Phase 4			
	Restricted Funds	-0-	100,000,000	-0-
002.	Lease-Purchase Office Tower			
	Other Funds	-0-	66,341,000	-0-
	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
003.	Lease-Purchase New Housing			
	Other Funds	-0-	52,500,000	-0-
	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
004.	Acquire Land			
	Restricted Funds	-0-	50,000,000	-0-
005.	Lease-Purchase Parking Structure 9			
	Other Funds	-0-	44,100,000	-0-
	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
006.	Renovate Old Pharmacy Building for Biology			
	Restricted Funds	-0-	40,165,000	-0-
007.	Expand Pence Hall			
	Restricted Funds	-0-	35,000,000	-0-
008.	Capital Renewal Maintenance Pool			
	Restricted Funds	-0-	33,750,000	-0-
009.	Upgrade, Renovate, Improve, or Expand Research Labs			
	Restricted Funds	-0-	33,500,000	-0-
010.	Research Equipment Program			
	Restricted Funds	-0-	30,000,000	-0-
011.	Construct Second New Housing			
	Agency Bonds	-0-	30,000,000	-0-
012.	Fit-Up Pharmacy Building Lab Space			
	Restricted Funds	-0-	28,600,000	-0-
013.	Repair, Upgrade, Improve Electrical Infrastructure			
	Restricted Funds	-0-	28,000,000	-0-
014.	Repair, Upgrade, Improve Mechanical Infrastructure			
	Restricted Funds	-0-	26,000,000	-0-
015.	Expand CRMS and Raymond Civil Engineering Building			
	Restricted Funds	-0-	25,770,000	-0-
016.	Construct Gatton Building Complex			
	Other Funds	-0-	25,000,000	-0-
017.	Repair, Upgrade, Improve Building Mechanical Systems			
	Restricted Funds	-0-	25,000,000	-0-

018.	Guaranteed Energy Savings Performance Contracts			
	Agency Bonds	-0-	25,000,000	-0-
019.	Lease-Purchase Construct Good Samaritan Medical Office Building			
	Other Funds	-0-	23,700,000	-0-
	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
020.	Construct/Renovate Lab Facilities			
	Restricted Funds	-0-	21,000,000	-0-
021.	Expand Coldstream Research Campus			
	Restricted Funds	-0-	20,000,000	-0-
022.	Repair, Upgrade, Improve Building Systems - Hospital			
	Restricted Funds	-0-	20,000,000	-0-
023.	Implement Land Use Plan - Hospital			
	Restricted Funds	-0-	20,000,000	-0-
024.	Lease-Purchase Upgrade Enterprise Information Systems			
	Restricted Funds	-0-	20,000,000	-0-
025.	Expand/Renovate Ambulatory Care Facility - Hospital			
	Restricted Funds	-0-	20,000,000	-0-
026.	Upgrade Student Center Infrastructure			
	Agency Bonds	-0-	17,805,000	-0-
027.	Upgrade Reynolds Building			
	Other Funds	-0-	16,230,000	-0-
	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
028.	Improve Life Safety Project Pool			
	Restricted Funds	-0-	15,000,000	-0-
029.	Construct/Renovate Imaging Services - Kentucky Clinic			
	Restricted Funds	-0-	15,000,000	-0-
030.	Upgrade Clinical Services - Hospital			
	Restricted Funds	-0-	15,000,000	-0-
031.	Lease-Purchase Track and Field Facility			
	Other Funds	-0-	14,100,000	-0-
	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
032.	Repair, Upgrade, and Improve Civil/Site Infrastructure			
	Restricted Funds	-0-	14,000,000	-0-
033.	Fit-Up CAER CTL Mini-Refinery Building			
	Restricted Funds	-0-	12,000,000	-0-
034.	Renovate Erikson Hall			
	Restricted Funds	-0-	12,000,000	-0-

035.	Construct Equine Campus			
	Other Funds	-0-	11,250,000	-0-
036.	Lease-Purchase Off Campus Office Building			
	Other Funds	-0-	10,000,000	-0-

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

037.	Lease-Purchase Data Center Hardware - Hospital			
	Restricted Funds	-0-	10,000,000	-0-
038.	Lease-Purchase Clinical Enterprise Data Center Hardware			
	Restricted Funds	-0-	10,000,000	-0-
039.	Lease-Purchase Telemedicine/Virtual ICU			
	Restricted Funds	-0-	10,000,000	-0-
040.	Upgrade/Fit-Up Hospital Facilities			
	Restricted Funds	-0-	10,000,000	-0-
041.	Lease-Purchase/Upgrade Hospital IT Systems			
	Restricted Funds	-0-	10,000,000	-0-
042.	Lease-Purchase PCF Data Center Hardware Pool			
	Restricted Funds	-0-	10,000,000	-0-
043.	Renovate/Upgrade Hospital Facility - Good Samaritan			
	Restricted Funds	-0-	10,000,000	-0-
044.	Lease-Purchase Implement Revenue Management System			
	Restricted Funds	-0-	10,000,000	-0-
045.	Upgrade/Expand Cancer Treatment Facility - Hospital			
	Restricted Funds	-0-	10,000,000	-0-
046.	Expand and Renovate West Kentucky Robinson Station			
	Restricted Funds	-0-	9,835,000	-0-
047.	Relocate Greenhouses			
	Restricted Funds	-0-	9,310,000	-0-
048.	Upgrade the Vivarium in Sanders Brown Building			
	Restricted Funds	-0-	8,742,000	-0-
049.	Construct Library Depository Facility			
	Restricted Funds	-0-	7,625,000	-0-
050.	Renovate Dentistry Clinic in Kentucky Clinic			
	Agency Bonds	-0-	7,615,000	-0-
051.	Lease-Purchase/Construct Hospital Dining Facilities and Equipment			
	Other Funds	-0-	7,350,000	-0-

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

052. Construct Student Athlete Residence Hall

	Other Funds	-0-	7,000,000	-0-
053.	Design Student Center Expansion/Renovation			
	Restricted Funds	-0-	6,535,000	-0-
054.	Lease-Purchase High Performance Research Computers			
	Restricted Funds	-0-	6,500,000	-0-
055.	Expand Boone Tennis Center			
	Other Funds	-0-	6,500,000	-0-
056.	Renovate Sections of Funkhouser Building Phase I			
	Restricted Funds	-0-	6,426,000	-0-
057.	Construct Facilities Storage Building			
	Restricted Funds	-0-	6,120,000	-0-
058.	Renovate Nursing Units - Hospital			
	Restricted Funds	-0-	6,000,000	-0-
059.	Convert Taylor Education Space to Offices and Classrooms			
	Restricted Funds	-0-	5,875,000	-0-
060.	Renovate Whalen Building			
	Restricted Funds	-0-	5,760,000	-0-
061.	Expand and Renovate CAER Laboratories			
	Restricted Funds	-0-	5,445,000	-0-
062.	Renovate Sloan Building Phase I			
	Restricted Funds	-0-	5,445,000	-0-
063.	Expand KGS Well Sample and Core Repository			
	Restricted Funds	-0-	5,280,000	-0-
064.	Repair, Upgrade, and Improve Building Shell Systems			
	Restricted Funds	-0-	5,000,000	-0-
065.	Lease-Purchase/Renovate Central Computing Facility			
	Other Funds	-0-	5,000,000	-0-
	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
066.	Lease-Purchase ERP Phase IV			
	Restricted Funds	-0-	5,000,000	-0-
067.	Repair, Upgrade, and Improve Building Electrical Systems			
	Restricted Funds	-0-	5,000,000	-0-
068.	Lease-Purchase PACS System			
	Restricted Funds	-0-	5,000,000	-0-
069.	Upgrade Critical Care Facility - Hospital			
	Restricted Funds	-0-	5,000,000	-0-
070.	Renovate Mineral Industries Building			
	Restricted Funds	-0-	4,900,000	-0-

071.	Renovate Space in McVey Hall			
	Restricted Funds	-0-	4,900,000	-0-
072.	Lease-Purchase Digital Medical Record Expansion			
	Restricted Funds	-0-	4,640,000	-0-
073.	Upgrade Clinic Enterprise Network - Hospital Pool			
	Restricted Funds	-0-	4,250,000	-0-
074.	Renovate Memorial Coliseum Seating Area			
	Other Funds	-0-	4,000,000	-0-
075.	Renovate/Expand DLAR Quarantine Facility Spindletop			
	Restricted Funds	-0-	3,750,000	-0-
076.	Lease-Purchase/Construct Retail Space			
	Other Funds	-0-	3,660,000	-0-

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

077.	Renovate King Library South - 1962 Section Phase II			
	Restricted Funds	-0-	3,600,000	-0-
078.	Renovate Old Northside Library Building			
	Restricted Funds	-0-	3,500,000	-0-
079.	Lease-Purchase Large Scale Computing			
	Restricted Funds	-0-	3,500,000	-0-
080.	Lease-Purchase PKS2 Frame Room Emergency Generators			
	Restricted Funds	-0-	3,500,000	-0-
081.	Renovate Chemistry/Physics Building			
	Restricted Funds	-0-	3,500,000	-0-
082.	Lease-Purchase Campus Infrastructure Upgrade			
	Restricted Funds	-0-	3,500,000	-0-
083.	Lease-Purchase/Upgrade Support Services - Hospital			
	Restricted Funds	-0-	3,500,000	-0-
084.	Renovate Parking Structure 3 - Hospital			
	Restricted Funds	-0-	3,500,000	-0-
085.	Renovate Nursing Building			
	Restricted Funds	-0-	1,505,000	-0-
	Federal Funds	-0-	1,900,000	-0-
	TOTAL	-0-	3,405,000	-0-
086.	Relocate and Expand Dentistry Faculty Practice			
	Agency Bonds	-0-	3,375,000	-0-
087.	Renovate Reynolds Building Phase I			
	Restricted Funds	-0-	3,270,000	-0-
088.	Renovate Dentistry Class Lab			

	Restricted Funds	-0-	3,265,000	-0-
089.	Lease-Purchase Soccer/Softball Facilities			
	Other Funds	-0-	3,000,000	-0-

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

090.	Lease-Purchase Wireless/Cellular Infrastructure			
	Restricted Funds	-0-	3,000,000	-0-
091.	Lease-Purchase Replace Perioperative Information System			
	Restricted Funds	-0-	3,000,000	-0-
092.	Lease-Purchase Implement Medication Bar Coding System			
	Restricted Funds	-0-	3,000,000	-0-
093.	Lease-Purchase Telephone System Replacement			
	Restricted Funds	-0-	2,700,000	-0-
094.	Renovate Central DLAR Facility			
	Restricted Funds	-0-	2,680,000	-0-
095.	Repair Stadium Structure			
	Other Funds	-0-	2,500,000	-0-
096.	Renovate Diagnostic Treatment Services - Hospital			
	Restricted Funds	-0-	2,500,000	-0-
097.	Lease-Purchase Data Repository System			
	Restricted Funds	-0-	2,500,000	-0-
098.	Lease-Purchase Enterprise Storage System			
	Restricted Funds	-0-	2,200,000	-0-
099.	Lease-Purchase Remote Site Fiber			
	Restricted Funds	-0-	2,000,000	-0-
100.	Upgrade Surgical Services - Hospital			
	Restricted Funds	-0-	2,000,000	-0-
101.	Construct Physicians Services Facilities - Hospital			
	Restricted Funds	-0-	2,000,000	-0-
102.	Replace Radiology Information System			
	Restricted Funds	-0-	2,000,000	-0-
103.	Lease-Purchase Identity Management System			
	Restricted Funds	-0-	1,750,000	-0-
104.	Lease-Purchase Network Security Hardware			
	Restricted Funds	-0-	1,500,000	-0-
105.	Renovate Schmidt Vocal Arts Center			
	Restricted Funds	-0-	1,500,000	-0-
106.	Expand/Renovate Sturgill Development Building			
	Other Funds	-0-	1,500,000	-0-

107.	Renovate Memorial Hall			
	Restricted Funds	-0-	1,500,000	-0-
108.	Lease-Purchase Radiofrequency Identification System			
	Restricted Funds	-0-	1,500,000	-0-
109.	Purchase Managed Care Enterprise			
	Restricted Funds	-0-	1,160,000	-0-
110.	Purchase Upgraded Communication Infrastructure			
	Restricted Funds	-0-	1,015,000	-0-
111.	Handicapped Access Pool			
	Restricted Funds	-0-	1,000,000	-0-
112.	Lease-Purchase Exchange Replacement			
	Restricted Funds	-0-	1,000,000	-0-
113.	Renovate Third Floor Little Library			
	Restricted Funds	-0-	1,000,000	-0-
114.	Expand Clinical Enterprise Data Center Network Pool			
	Restricted Funds	-0-	1,000,000	-0-
115.	Lease-Purchase Implement Patient Communication System			
	Restricted Funds	-0-	1,000,000	-0-
116.	Lease-Purchase Mainframe Computer - Hospital			
	Restricted Funds	-0-	1,000,000	-0-
117.	Lease-Purchase Data Archiving (ASG)			
	Restricted Funds	-0-	900,000	-0-
118.	Lease-Purchase Document Imaging (ASG)			
	Restricted Funds	-0-	775,000	-0-
119.	Purchase Raman Spectrometer			
	Restricted Funds	-0-	750,000	-0-
120.	Lease-Purchase Campus Call Center System			
	Restricted Funds	-0-	750,000	-0-
121.	Purchase Staff Scheduling System - Hospital			
	Restricted Funds	-0-	750,000	-0-
122.	Purchase Paging Software - Hospital			
	Restricted Funds	-0-	700,000	-0-
123.	Lease-Purchase Document Scanning System			
	Restricted Funds	-0-	700,000	-0-
124.	Lease-Purchase Police Communications Equipment			
	Restricted Funds	-0-	675,000	-0-
125.	Purchase High Resolution Vacuum Ultra Photo Spectrometer			
	Restricted Funds	-0-	590,000	-0-

126. Purchase Shelving for Storage Facility

Restricted Funds	-0-	525,000	-0-

127. Purchase Compact Shelving - Fine Arts Library

Restricted Funds	-0-	500,000	-0-

128. Purchase Electrospray LC Tandem Mass Spectrometer

Restricted Funds	-0-	325,000	-0-

129. Purchase Precision Machining System

Restricted Funds	-0-	250,000	-0-

130. Purchase Matrix Assisted Laser Mass Spectrometer

Restricted Funds	-0-	250,000	-0-

131. Purchase Automatic Window Shades for W.T. Young

Restricted Funds	-0-	250,000	-0-

132. Purchase Physical Chemistry Teaching Laboratory

Restricted Funds	-0-	240,000	-0-

133. Purchase Circular Dichroism Spectrometer

Restricted Funds	-0-	210,000	-0-

134. Upgrade Audio/Visual Equipment Guignol Theatre

Restricted Funds	-0-	210,000	-0-

135. Purchase Metabolic Instructional System

Restricted Funds	-0-	205,000	-0-

136. Purchase Upgraded Integrated Library System Reauthorization

($1,000,000 Restricted Funds)

137. Lease-Purchase Data Warehouse/Infrastructure Reauthorization

($1,800,000 Restricted Funds)

138. Renovate and Upgrade Commonwealth Stadium Reauthorization

($180,000,000 Other Funds)

(1) Financial Obligation: All costs associated with the financing of this project shall be at the offeror's risk, and the University of Kentucky and the Commonwealth of Kentucky shall not assume any subordinate or contingent financial obligation or responsibility.

139. Construct Baseball Stadium Reauthorization ($37,500,000

Other Funds)

(1) Financial Obligation: All costs associated with the financing of this project shall be at the offeror's risk, and the University of Kentucky and the Commonwealth of Kentucky shall not assume any subordinate or contingent financial obligation or responsibility.

140. Lease - Rural Health Expansion - Hazard Perry County

141. Lease - Off Campus 1 - Fayette County

142. Lease - Off Campus 2 - Fayette County

143. Lease - Off Campus 3 - Fayette County

144. Lease - Off Campus 4 - Fayette County

145. Lease - Off Campus 5 - Fayette County

146. Lease - Off Campus 6 - Fayette County

147. Lease - Off Campus 7 - Fayette County

148. Lease - Grant Project 1 - Fayette County

149. Lease - Grant Project 2 - Fayette County

150. Lease - Health Affairs Office - Fayette County

151. Lease - Health Affairs Office 3 - Fayette County

152. Lease - Health Affairs Office 4 - Fayette County

153. Lease - Health Affairs Office 5 - Fayette County

154. Lease - Health Affairs Office 6 - Fayette County

155. Lease - Health Affairs Office 7 - Fayette County

156. Lease - Med Center Grant Project 1 - Fayette County

157. Lease - Med Center Grant Project 2 - Fayette County

158. Lease - Med Center Off-Campus Facility 1 - Fayette County

159. Lease - Off Campus Housing 1 - Fayette County

160. Lease - Off Campus Housing 2 - Fayette County

161. Lease - Blazer Parkway - Fayette County

162. Lease - Administrative Office - Fayette County

163. Lease - Kentucky Utilities Building - Fayette County

164. Lease - Health Affairs Office 2 - Fayette County

165. Lease - Med College Off Campus Clinic - Fayette County

166. Lease - Good Samaritan Hospital - Fayette County

167. Construct Data Center

Agency Bonds	-0-	40,000,000	-0-

(1) Agency Bond Project Reporting Requirement: Notwithstanding Part II, K., (1) of this Act, the governing board of the University of Kentucky shall certify in writing prior to issuance of Agency Bonds for the above project that the project will not result in an increase in tuition or fees. The governing board shall submit a copy of the certification to the President of the Council on Postsecondary Education, the Secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee.

168. Purchase Pollution Controls

Agency Bonds	-0-	22,600,000	-0-

(1) Agency Bond Project Reporting Requirement: Notwithstanding Part II, K., (1) of this Act, the governing board of the University of Kentucky shall certify in writing prior to issuance of Agency Bonds for the above project that the project will not result in an increase in tuition or fees. The governing board shall submit a copy of the certification to the President of the Council on Postsecondary Education, the Secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee.

169. Construct Building Elevator Systems

Agency Bonds	-0-	5,000,000	-0-

(1) Agency Bond Project Reporting Requirement: Notwithstanding Part II, K., (1) of this Act, the governing board of the University of Kentucky shall certify in writing prior to issuance of Agency Bonds for the above project that the project will not result in an increase in tuition or fees. The governing board shall submit a copy

of the certification to the President of the Council on Postsecondary Education, the Secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee.

170. Construct Child Care Facility

Other Funds	-0-	6,000,000	-0-

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

9. UNIVERSITY OF LOUISVILLE

001. Construct Belknap Research/Academic CONN Center

Restricted Funds	-0-	90,000,000	-0-

002. Construct Center for the Performing Arts

Restricted Funds	-0-	76,660,000	-0-

003. Expand Ambulatory Care Building Academic Addition

Other Funds	-0-	67,200,000	-0-

004. Renovate Medical School Tower

Restricted Funds	-0-	66,643,000	-0-

005. Construct Administrative Office Building

Restricted Funds	-0-	51,990,000	-0-

006. Renovate Ekstrom Library

Restricted Funds	-0-	42,070,000	-0-

007. Guaranteed Energy Savings Performance Contracts

Agency Bonds	-0-	40,000,000	-0-

008. Expand Miller IT Center Data Center

Restricted Funds	-0-	38,000,000	-0-

009. Construct Student Recreation Center

Agency Bonds	-0-	37,500,000	-0-

010. Purchase Land Near Health Sciences Campus - Parcel I

Restricted Funds	-0-	34,246,000	-0-

011. Construct Health Sciences Campus Steam/Chilled Water Plant II

Other Funds	-0-	33,250,000	-0-

012. Renovate Law School

Restricted Funds	-0-	28,925,000	-0-

013. Expand and Renovate Life Sciences Building - Additional Reauthorization ($30,024,000 Restricted Funds)

Restricted Funds	-0-	27,766,000	-0-

014. Construct Soccer Stadium

Other Funds	-0-	26,533,000	-0-

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

015. Construct Instructional Facility in HSC Quad - Additional

Reauthorization ($16,900,000 Restricted Funds)

Restricted Funds	-0-	25,520,000	-0-

016. Construct Executive MBA/Business Program

Other Funds	-0-	23,500,000	-0-

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

017. Construct HSC Research Facility V - Additional Reauthorization ($154,000,000 Restricted Funds)

Restricted Funds	-0-	19,270,000	-0-

018. Expand and Renovate Founders Union Building Phase II

Restricted Funds	-0-	18,414,000	-0-

019. Expand Sackett Hall

Restricted Funds	-0-	16,590,000	-0-

020. Purchase Equipment Replacement Research and Instruments

Restricted Funds	-0-	15,000,000	-0-

021. Renovate Research Resource Center

Restricted Funds	-0-	13,823,000	-0-

022. Construct Athletic Academic Support Facility

Other Funds	-0-	13,266,000	-0-

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

023. Construct Diversity Center for Excellence

Other Funds	-0-	12,580,000	-0-

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

024. Expand Chilled Water and Electrical Service Upgrade

Restricted Funds	-0-	12,000,000	-0-

025. Renovate Stevenson Hall

Restricted Funds	-0-	10,898,000	-0-

026. Renovate W.S. Speed Building

Restricted Funds	-0-	10,759,000	-0-

027. Expand Regional Biocontainment Laboratory

Restricted Funds	-0-	112,000	-0-
Federal Funds	-0-	10,000,000	-0-
TOTAL	-0-	10,112,000	-0-

028. Construct Athletics Office Building

Restricted Funds	-0-	8,398,000	-0-

029. Purchase Land Near Belknap Campus North

Other Funds	-0-	8,000,000	-0-

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

030. Renovate Research Imaging Facility

	Federal Funds	-0-	7,164,000	-0-
031.	Purchase Fiber Infrastructure			
	Federal Funds	-0-	7,000,000	-0-
032.	Construct Intramural Field Complex			
	Restricted Funds	-0-	6,980,000	-0-
033.	Construct Utilities, Remove Overhead Lines - Additional Reauthorization ($3,673,000 Restricted Funds)			
	Restricted Funds	-0-	6,327,000	-0-
034.	Purchase Land Near Health Sciences Campus Parcel II			
	Restricted Funds	-0-	6,034,000	-0-
035.	Purchase Magnetic Resonance Imaging Equipment			
	Restricted Funds	-0-	3,000,000	3,000,000
036.	Purchase Land Near Belknap Campus South			
	Other Funds	-0-	6,000,000	-0-
	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
037.	Renovate Kentucky Lions Eye Research Institute - Additional Reauthorization ($13,230,000 Restricted Funds)			
	Restricted Funds	-0-	5,984,000	-0-
038.	Construct 500 Bed Residence Hall			
	Other Funds	-0-	5,220,000	-0-
039.	Expand Patterson Baseball Stadium			
	Other Funds	-0-	4,573,000	-0-
	(1) Authorization: The above authorization is approved pursuant to KRS 45.763.			
040.	Purchase Networking System			
	Restricted Funds	-0-	4,000,000	-0-
041.	Purchase Computer Processing System			
	Restricted Funds	-0-	4,000,000	-0-
042.	Purchase Research Computing Infrastructure			
	Restricted Funds	-0-	3,500,000	-0-
043.	Expand Rauch Planetarium			
	Federal Funds	-0-	3,220,000	-0-
044.	Renovate College of Education Building - Additional Reauthorization ($24,200,000 Restricted Funds)			
	Restricted Funds	-0-	3,026,000	-0-
045.	Purchase Magnetic Resonance Imaging System			
	Federal Funds	-0-	3,000,000	-0-
046.	Purchase Storage System			
	Restricted Funds	-0-	3,000,000	-0-

047.	Renovate/Install Baghouse Dust Collectors			
	Restricted Funds	-0-	3,000,000	-0-
048.	Purchase Land Near Health Sciences Campus - Parcel III			
	Restricted Funds	-0-	3,000,000	-0-
049.	Purchase Digital Communications System			
	Restricted Funds	-0-	3,000,000	-0-
050.	Purchase Enterprise Application System			
	Restricted Funds	-0-	3,000,000	-0-
051.	Renovate Capital Renewal Pool - Additional Reauthorization			
	($28,265,000 Restricted Funds)			
	Restricted Funds	-0-	2,578,000	-0-
052.	Purchase Positron Emission Tomography System			
	Federal Funds	-0-	2,500,000	-0-
053.	Purchase 18.8T Nuclear Magnetic Resonance System			
	Restricted Funds	-0-	500,000	-0-
	Federal Funds	-0-	2,000,000	-0-
	TOTAL	-0-	2,500,000	-0-
054.	Purchase Small Animal MRI Scanner			
	Federal Funds	-0-	2,500,000	-0-
055.	Construct Belknap Campus Welcome Center East			
	Restricted Funds	-0-	2,499,000	-0-
056.	Purchase Electronic Research Information System			
	Restricted Funds	-0-	1,210,000	1,210,000
057.	Purchase Computational Cluster System			
	Restricted Funds	-0-	1,200,000	1,200,000
058.	Renovate Natural Science Building - Additional Reauthorization			
	($18,090,000 Restricted Funds)			
	Restricted Funds	-0-	2,355,000	-0-
059.	Purchase Robotic Cranes (2) for Automated Book			
	Restricted Funds	-0-	2,200,000	-0-
060.	Expand and Renovate Oppenheimer Hall - Additional Reauthorization			
	($2,725,000 Restricted Funds)			
	Restricted Funds	-0-	2,067,000	-0-
061.	Renovate/Replace Gas Boiler in Steam Plant			
	Restricted Funds	-0-	2,000,000	-0-
062.	Purchase Visualization System Planetarium			
	Federal Funds	-0-	2,000,000	-0-
063.	Construct Boathouse for Women's Rowing Program			

	Restricted Funds	-0-	1,855,000	-0-
064.	Renovate Chemistry Fume Hood Redesign Phase II - Additional Reauthorization ($13,320,000 Restricted Funds)			
	Restricted Funds	-0-	1,775,000	-0-
065.	Renovate Belknap Campus North Entrance			
	Federal Funds	-0-	1,700,000	-0-
066.	Renovate Kornhauser Library - Additional Reauthorization ($14,217,000 Restricted Funds)			
	Restricted Funds	-0-	1,673,000	-0-
067.	Construct Fitness and Health Institute - Additional Reauthorization ($14,707,000 Restricted Funds)			
	Restricted Funds	-0-	1,543,000	-0-
068.	Purchase High Resolution Tandem Mass Spectrometer			
	Federal Funds	-0-	1,500,000	-0-
069.	Renovate College of Business Faculty Offices			
	Restricted Funds	-0-	1,500,000	-0-
070.	Purchase Transmission Electron Microscope			
	Federal Funds	-0-	1,500,000	-0-
071.	Construct Flexner Way Mall - Hancock to Clay			
	Restricted Funds	-0-	750,000	-0-
	Other Funds	-0-	750,000	-0-
	TOTAL	-0-	1,500,000	-0-
072.	Renovate Burhans Hall - Additional Reauthorization ($14,140,000 Restricted Funds)			
	Restricted Funds	-0-	1,397,000	-0-
073.	Renovate J.B. Speed Building - Additional Reauthorization ($9,892,000 Restricted Funds)			
	Restricted Funds	-0-	1,248,000	-0-
074.	Utility Distribution - South Belknap Campus - Additional Reauthorization ($10,370,000 Restricted Funds)			
	Restricted Funds	-0-	1,178,000	-0-
075.	Purchase Artificial Turf for Field Hockey			
	Restricted Funds	-0-	1,000,000	-0-
076.	Lease Digital Output System			
	Restricted Funds	-0-	1,000,000	-0-
077.	Purchase Land Downtown for MBA Program			
	Other Funds	-0-	1,000,000	-0-

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

078.	Construct Student Health Facility - Additional Reauthorization ($7,640,000 Restricted Funds)			
	Restricted Funds	-0-	950,000	-0-
079.	Purchase Plasma Mass Spectrometry System			
	Federal Funds	-0-	900,000	-0-
080.	Construct Chestnut Street Garage Speed Ramp			
	Restricted Funds	-0-	875,000	-0-
081.	Construct Flexner Way Mall - Preston to Jackson			
	Restricted Funds	-0-	420,000	-0-
	Other Funds	-0-	420,000	-0-
	TOTAL	-0-	840,000	-0-
082.	Construct Flexner Way Mall - Floyd to Preston			
	Restricted Funds	-0-	830,000	-0-
083.	Purchase Plastic Deposition Machine			
	Federal Funds	-0-	800,000	-0-
084.	Purchase Focused Ion Beam Microscope			
	Federal Funds	-0-	800,000	-0-
085.	Renovate Gross Anatomy Lab - Additional Reauthorization ($4,570,000 Restricted Funds)			
	Restricted Funds	-0-	734,000	-0-
086.	Purchase Olympus FV1000 Multiphoton Microscope			
	Restricted Funds	-0-	715,000	-0-
087.	Purchase Orbitrap Ion Trap Mass Spectrometer			
	Federal Funds	-0-	712,000	-0-
088.	Purchase Artificial Turf for Intramural Field			
	Restricted Funds	-0-	693,000	-0-
089.	Purchase Computer Systems for College of Education			
	Restricted Funds	-0-	600,000	-0-
090.	Renovate Code Improvement Pool - Additional Reauthorization ($3,670,000 Restricted Funds)			
	Restricted Funds	-0-	509,000	-0-
091.	Purchase Ultra Fast Spectroscopy Facility			
	Federal Funds	-0-	500,000	-0-
092.	Purchase Magnetron Sputtering System			
	Federal Funds	-0-	500,000	-0-
093.	Purchase Ion Milling System			
	Federal Funds	-0-	500,000	-0-
094.	Purchase TeraHertz Spectroscopy			

	Federal Funds	-0-	500,000	-0-
095.	Purchase SQUID Magnetometer			
	Restricted Funds	-0-	500,000	-0-
096.	Purchase Two - Photon Laser Scanning Microscope			
	Federal Funds	-0-	500,000	-0-
097.	Purchase Resonance Raman Spectrometer			
	Federal Funds	-0-	500,000	-0-
098.	Purchase Technology Enhanced Classroom			
	Restricted Funds	-0-	500,000	-0-
099.	Purchase MoFlo Cell Sorter			
	Federal Funds	-0-	500,000	-0-
100.	Purchase Nanomaterial Equipment			
	Restricted Funds	-0-	500,000	-0-
101.	Purchase Human Patient Simulators (4)			
	Restricted Funds	-0-	500,000	-0-
102.	Purchase MALDI-TOF Mass Spectrometer			
	Federal Funds	-0-	500,000	-0-
103.	Renovate Housing Capital Renewal Pool - Additional Reauthorization ($3,920,000 Restricted Funds)			
	Restricted Funds	-0-	480,000	-0-
104.	Purchase BD FACSAria II Cell Sorter			
	Federal Funds	-0-	450,000	-0-
105.	Purchase Spectral Confocal Microscope			
	Federal Funds	-0-	440,000	-0-
106.	Purchase Ultraview ERS 6FO Confocal Microscope			
	Restricted Funds	-0-	420,000	-0-
107.	Purchase ION Mobility Mass Spectrometry System			
	Federal Funds	-0-	410,000	-0-
108.	Purchase Additive Microdeposition Machine			
	Federal Funds	-0-	400,000	-0-
109.	Purchase Live Cell Intracellular Nanoprobe Station			
	Federal Funds	-0-	400,000	-0-
110.	Purchase Nikon A1 Confocal Microscope			
	Federal Funds	-0-	400,000	-0-
111.	Purchase Multi-Head Sputtering System			
	Federal Funds	-0-	400,000	-0-
112.	Purchase Multispectral Imaging Flow Cytometer			
	Restricted Funds	-0-	390,000	-0-

113.	Purchase VEVO 2100 Micro-Ultrasound System			
	Federal Funds	-0-	350,000	-0-
114.	Purchase Temperature and Humidity Control System (5)			
	Restricted Funds	-0-	325,000	-0-
115.	Purchase PCs, Printers, and Scanners for Libraries			
	Restricted Funds	-0-	318,000	-0-
116.	Purchase Visual Sonics High Resolution In-Vivo Imaging System			
	Federal Funds	-0-	304,000	-0-
117.	Purchase Laser Jet Cutting System			
	Federal Funds	-0-	300,000	-0-
118.	Purchase Spray Develop/Etching System			
	Federal Funds	-0-	300,000	-0-
119.	Purchase Cathodoluminescence System			
	Federal Funds	-0-	300,000	-0-
120.	Purchase Gene Chip Scanner			
	Federal Funds	-0-	300,000	-0-
121.	Purchase VisEn FMT-2500 Imaging System			
	Restricted Funds	-0-	300,000	-0-
122.	Purchase 9.4T Nuclear Magnetic Resonance System			
	Restricted Funds	-0-	100,000	-0-
	Federal Funds	-0-	200,000	-0-
	TOTAL	-0-	300,000	-0-
123.	Purchase Transmission Electron Microscope			
	Federal Funds	-0-	300,000	-0-
124.	Purchase Reactive Ion Etching System			
	Federal Funds	-0-	300,000	-0-
125.	Purchase Library Chairs and Tables			
	Restricted Funds	-0-	275,000	-0-
126.	Purchase BioRad XPR36 Protein Interaction Array System			
	Restricted Funds	-0-	254,000	-0-
127.	Purchase Confocal Microscope			
	Federal Funds	-0-	250,000	-0-
128.	Purchase Hysitron Nanoindenter			
	Federal Funds	-0-	225,000	-0-
129.	Purchase Arcturus XT Laser Capture Microdissection Instruments			
	Federal Funds	-0-	215,000	-0-
130.	Purchase Atomic Force Microscope			

	Federal Funds	-0-	200,000	-0-
131.	Purchase Biological Material Deposition Machine			
	Federal Funds	-0-	200,000	-0-
132.	Purchase Liquid Chromatography Mass Spectrometer			
	Federal Funds	-0-	200,000	-0-
133.	Purchase Optogentics System			
	Federal Funds	-0-	200,000	-0-
134.	Purchase Fluorescence Imaging System			
	Federal Funds	-0-	200,000	-0-
135.	Purchase Shared Memory Computer			
	Restricted Funds	-0-	200,000	-0-
136.	Construct Physical Plant Space in Health Sciences Campus Garage - Additional Reauthorization ($2,027,000 Restricted Funds)			
	Restricted Funds	-0-	164,000	-0-
137.	Purchase Artificial Turf Practice Field Facility Reauthorization ($865,000 Restricted Funds)			
138.	Med Center One - Lease			
139.	Student Health Facility - Lease			
140.	Master of Fine Arts - Lease			
141.	Jefferson County Housing - Lease			
142.	College of Business/Executive MBA Program - Lease			
143.	West Louisville Center for Community Health, Education Outreach - Lease			
144.	Ambulatory Care Building - Lease			
145.	HSC Communication Sciences - Lease			
146.	HSC Off Campus Office Space - Lease			
10.	**WESTERN KENTUCKY UNIVERSITY**			
001.	Renovate Downing University Center Phase III			
	Restricted Funds	-0-	4,000,000	-0-
	Agency Bonds	-0-	33,500,000	-0-
	TOTAL	-0-	37,500,000	-0-
002.	Underground Infrastructure Repair and Replacement			
	Restricted Funds	-0-	35,000,000	-0-
003.	Construct Agriculture Research Services Lab			
	Federal Funds	-0-	22,825,000	-0-
004.	Construct Next Generation UI-LO Emission Coal - Fired Heat Plant			

	Federal Funds	-0-	20,000,000	-0-
005.	Construct Honors College Facility			
	Restricted Funds	-0-	2,000,000	-0-
	Other Funds	-0-	12,000,000	-0-
	TOTAL	-0-	14,000,000	-0-
006.	Center for Research and Development Infrastructure and Renovations			
	Federal Funds	-0-	10,500,000	-0-
007.	Renovate Elizabethtown Research Center			
	Federal Funds	-0-	10,000,000	-0-
008.	Capital Renewal Pool			
	Restricted Funds	-0-	10,000,000	-0-
009.	Construct Alumni Facility			
	Other Funds	-0-	7,000,000	-0-
010.	Renovate Tate Page Hall			
	Restricted Funds	-0-	6,000,000	-0-
011.	Construct Mesonet Computer Center			
	Restricted Funds	-0-	800,000	-0-
	Federal Funds	-0-	5,000,000	-0-
	TOTAL	-0-	5,800,000	-0-
012.	Construct Center for Dairy Education and Innovation			
	Federal Funds	-0-	5,000,000	-0-
013.	Construct SKyTeach Program Facility			
	Federal Funds	-0-	5,000,000	-0-
014.	Construct Fit-Out of Leased Space			
	Restricted Funds	-0-	4,175,000	-0-
015.	Purchase Property for Campus Expansion			
	Restricted Funds	-0-	3,000,000	-0-
016.	Research Equipment for Ogden Campus			
	Federal Funds	-0-	3,000,000	-0-
017.	Renovate Downing University Center			
	Restricted Funds	-0-	3,000,000	-0-
018.	Renovate and Expand Knicely Center Phase III			
	Restricted Funds	-0-	2,500,000	-0-
019.	Environmental Science and Technology Hall Design			
	Restricted Funds	-0-	2,500,000	-0-
020.	Equipment Pool			
	Restricted Funds	-0-	2,500,000	-0-

021.	Construct Track Facilities			
	Restricted Funds	-0-	2,500,000	-0-
022.	Upgrade IT Infrastructure			
	Restricted Funds	-0-	2,300,000	-0-
023.	Renovate Radcliff Business Incubator			
	Federal Funds	-0-	2,000,000	-0-
024.	Purchase Shuttle Buses			
	Federal Funds	-0-	2,000,000	-0-
025.	Renovate Underground Electrical Infrastructure Phased			
	Restricted Funds	-0-	2,000,000	-0-
026.	Convert WKYU-NPR and WKYU-PBS to Digital/HD			
	Restricted Funds	-0-	2,000,000	-0-
027.	Repair Parking Structure 1 Phase I			
	Restricted Funds	-0-	1,750,000	-0-
028.	Construct Agriculture Research Services Greenhouse/Headhouse			
	Federal Funds	-0-	1,745,000	-0-
029.	Renovate Property for International Program			
	Restricted Funds	-0-	3,800,000	-0-
030.	Construct Scale-Up Compost Heat Greenhouse			
	Federal Funds	-0-	1,500,000	-0-
031.	Improve University Drive Intersection			
	Restricted Funds	-0-	240,000	-0-
	Federal Funds	-0-	960,000	-0-
	TOTAL	-0-	1,200,000	-0-
032.	Central Regional Postsecondary Education Center Design - BRAC			
	Restricted Funds	-0-	1,200,000	-0-
033.	Interior Renovation Jones Jaggers			
	Restricted Funds	-0-	1,000,000	-0-
034.	TIF Parking Garage			
035.	Guaranteed Energy Savings Performance Contracts			

11. KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM

(1) Lexington Community College Classroom/Lab Building: The Kentucky Community and Technical College System is authorized to construct the LCC Classroom/Lab Building appropriated in 2005 Ky. Acts ch. 173, Part II, K., 12., 019., on state property currently known as the main campus of Eastern State Hospital.

(2) Conveyance of Property: The Kentucky Community and Technical College System may undertake a capital construction project under the provisions of Part I, K., 11., (4), of this Act.

001.	Capital Renewal and Deferred Maintenance Pool			
	Restricted Funds	-0-	19,000,000	19,000,000

002.	Renovate Downtown Campus Phase II - JCTC - Additional			
	Restricted Funds	-0-	28,612,000	-0-
003.	KCTCS Equipment Pool			
	Restricted Funds	-0-	20,000,000	-0-
004.	Renovate Academic/LRC Building - Ashland CTC			
	Restricted Funds	-0-	20,000,000	-0-
005.	KCTCS Information Technology Infrastructure Upgrade			
	Restricted Funds	-0-	12,000,000	-0-
006.	Renovate Classroom Facility Phase I Urban Campus - Gateway CTC			
	Restricted Funds	-0-	11,850,000	-0-
007.	Construct Transportation Tech Building, Boone Campus - Gateway CTC			
	Restricted Funds	-0-	9,704,000	-0-
008.	KCTCS Property Acquisition Pool			
	Restricted Funds	-0-	5,500,000	-0-
009.	Reroof and Enclose Concourses Gray Building - Madisonville CC			
	Restricted Funds	-0-	3,600,000	-0-
010.	Construct Child Development Center - Henderson CC			
	Restricted Funds	-0-	3,484,000	-0-
011.	Design Newtown Campus Phase II			
	Restricted Funds	-0-	3,300,000	-0-
012.	Construct Child Care Facility - Ashland CTC			
	Restricted Funds	-0-	1,676,000	-0-
013.	Renovate Telford Hall, Lees Campus - Hazard CTC			
	Restricted Funds	-0-	1,500,000	-0-
014.	Acquisition of Park Hills Property - Gateway CTC			
	Restricted Funds	-0-	1,500,000	-0-
015.	Construct CPAT Center, State Fire and Rescue Training			
	Restricted Funds	-0-	1,500,000	-0-
016.	Purchase Virtual Classroom 3D Simulator - Hazard CTC			
	Restricted Funds	-0-	950,000	-0-
	Federal Funds	-0-	500,000	-0-
	TOTAL	-0-	1,450,000	-0-
017.	Construct Licking Valley Center Phase II - Maysville CTC - Additional Reauthorization ($3,459,000 Restricted Funds, $1,500,000 Other Funds)			

Restricted Funds	-0-	1,000,000	-0-

018. Construct Cosmetology Building - Ashland CTC

Restricted Funds	-0-	980,000	-0-

019. Master Plan Development and Upgrade Pool

Restricted Funds	-0-	850,000	-0-

020. Construct Parking Lots and Drives - Henderson CC

Restricted Funds	900,000	-0-	-0-

021. Renovate Building for Skilled Crafts Training Center - WKCTC

Restricted Funds	-0-	1,200,000	-0-

022. Purchase Defensive Driving Trainers

Restricted Funds	-0-	600,000	-0-

023. Purchase Combine for Agriculture Program - Hopkinsville CC

Restricted Funds	-0-	290,000	-0-

024. Purchase Articulated Haul Truck - Hazard CTC

Restricted Funds	-0-	125,000	-0-
Federal Funds	-0-	125,000	-0-
TOTAL	-0-	250,000	-0-

025. Purchase Front End Loader - Hazard CTC

Restricted Funds	-0-	166,000	-0-
Federal Funds	-0-	84,000	-0-
TOTAL	-0-	250,000	-0-

026. Purchase Horizontal Milling Machine - Hopkinsville CC

Restricted Funds	-0-	250,000	-0-

027. Purchase and Improve Real Property - Downtown Jefferson CTC Reauthorization ($10,500,000 Restricted Funds)

(1) Use of Funds: The funds reauthorized for the Purchase and Improve Real Property - Downtown Jefferson CTC project may be used to purchase any appropriate property near or adjacent to the downtown campus of the Jefferson Community and Technical College.

028. KCTCS System Office Lease-Purchase

029. Jefferson CTC - Jefferson Education Center - Lease

030. Advanced Manufacturing Training Center - Lease

031. Bullitt County Campus Jefferson CTC - Lease

032. South Campus, Bluegrass Community and Technical College - Lease

033. Maysville CTC Montgomery County Center - Lease

034. Guaranteed Energy Savings Performance Contracts

035. Acquire Land - Carroll County

Restricted Funds	-0-	300,000	-0-

Other Funds	-0-	300,000	-0-
TOTAL	-0-	600,000	-0-

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

L. PUBLIC PROTECTION CABINET

Budget Units	2010-11	2011-12
1. HOUSING, BUILDINGS AND CONSTRUCTION		
001. Franklin County - Lease		
2. INSURANCE		
001. Franklin County - Lease		

M. TOURISM, ARTS AND HERITAGE CABINET

Budget Units	2009-10	2010-11	2011-12
1. PARKS			
001. Maintenance Pool - 2010-2012			
Bond Funds	-0-	3,500,000	1,725,000
2. HORSE PARK COMMISSION			
001. Maintenance Pool - 2010-2012			
Investment Income	-0-	575,000	575,000
3. STATE FAIR BOARD			
001. Maintenance Pool - 2010-2012			
Restricted Funds	-0-	2,000,000	2,000,000
002. Access Control System			
Restricted Funds	3,096,700	-0-	-0-
003. Cowger Parking Garage Repair			
Capital Construction Surplus	-0-	400,000	-0-
4. FISH AND WILDLIFE RESOURCES			
001. Fees-in-Lieu-of Stream Mitigation Projects Pool			
Restricted Funds	-0-	10,000,000	10,000,000
002. Land Acquisition Pool			
Restricted Funds	-0-	5,000,000	5,000,000
003. Pfeiffer Hatchery Renovation			
Restricted Funds	-0-	625,000	-0-
Federal Funds	-0-	1,875,000	-0-
TOTAL	-0-	2,500,000	-0-
004. Minor Clark Hatchery Renovation			
Restricted Funds	-0-	625,000	-0-
Federal Funds	-0-	1,875,000	-0-
TOTAL	-0-	2,500,000	-0-
005. Maintenance Pool - 2010-2012			

Restricted Funds	-0-	1,000,000	1,000,000
006. Boating and Fishing Access Pool			
Federal Funds	-0-	600,000	600,000

5. HISTORICAL SOCIETY

001. Kentucky History Center - Purchase Casework Reauthorization

($250,000 Capital Construction Surplus)

6. KENTUCKY CENTER FOR THE ARTS

001. Maintenance Pool - 2010-2012

Investment Income	-0-	160,000	160,000

N. COAL SEVERANCE TAX PROJECTS

(1) Projects Authorization and Appropriation: Notwithstanding KRS 42.4588(2) and (4), the following projects are authorized and appropriated from Local Government Economic Development Fund moneys from the respective single county fund pursuant to KRS 42.4592 for public purposes in the following coal-producing counties in the manner and amounts enumerated. These projects are determined by the General Assembly to be important to the furtherance of the public policy objectives and economic development purposes for which the Local Government Economic Development Program was established. The amounts appropriated are estimates. Actual expenditures and encumbrances shall be limited to the actual receipts realized and available in the respective single county fund. These amounts are composed of estimated receipts for fiscal year 2009-2010, fiscal year 2010-2011, and fiscal year 2011-2012 in combination with prior unobligated balances in the respective single county funds. To the extent that a county that is authorized to proceed with a project enumerated below receives more single county Local Government Economic Development Fund moneys than are appropriated in this Act, the county may direct those funds to offset a cost overrun on any of the projects enumerated below upon approval of the Commissioner of the Department for Local Government.

(2) Projects Not To Be Duplicated: Notwithstanding KRS 42.4588(2) and (4), to avoid duplication of appropriations for the line-item coal severance tax projects authorized in this section, the following projects are authorized and appropriated for the amounts enumerated below under the condition that the project has not received, or already been authorized by the Department for Local Development to receive, funding prior to the effective date of this Act.

(3) Authorization for Current Year Coal Severance Tax Projects: The following projects authorized for fiscal year 2009-2010 shall remain authorized for the 2010-2012 fiscal biennium.

(4) Project Prioritization: Notwithstanding KRS 42.4588, the following projects shall have priority over projects that have been authorized prior to the effective date of this Act by the Department for Local Government to receive funding.

(5) Water and Sewer Projects: The following projects that are related to water and sewer shall be administered by the Kentucky Infrastructure Authority.

Budget Units	**2009-10**	**2010-11**	**2011-12**
1. GENERAL GOVERNMENT			
a. Department for Local Government			
Bell County			
001. Bell County Board of Education - Board Project - Operations			
Restricted Funds	-0-	25,000	-0-
002. Bell County Board of Education - Cops in School - Operations			
Restricted Funds	-0-	30,000	30,000
003. Bell County Board of Education - K-6 Little League Football - Equipment			

	Restricted Funds	-0-	3,000	3,000
004.	Bell County Fiscal Court - Bell County Senior Citizens Center - Supplies - Operations			
	Restricted Funds	-0-	10,000	10,000
005.	Bell County Fiscal Court - Bell - Whitley CAA - Operations - Supplies			
	Restricted Funds	-0-	15,000	15,000
006.	Bell County Fiscal Court - Bell County Agi Council - Equipment			
	Restricted Funds	-0-	10,000	10,000
007.	Bell County Fiscal Court - Bell County Cemetery Board - Equipment - Operations			
	Restricted Funds	-0-	10,000	10,000
008.	Bell County Fiscal Court - Bell County Conservation District - Operations - Supplies			
	Restricted Funds	-0-	7,500	7,500
009.	Bell County Fiscal Court - Bell County Health Department - Supplies - Equipment			
	Restricted Funds	-0-	5,000	5,000
010.	Bell County Fiscal Court - Bell County Historical Society - Operations			
	Restricted Funds	-0-	5,000	5,000
011.	Bell County Fiscal Court - Bell County Homeless Shelter - Operations - Supplies			
	Restricted Funds	-0-	5,000	5,000
012.	Bell County Fiscal Court - Bell County Industrial Foundation - Operations - Project			
	Restricted Funds	-0-	50,000	50,000
013.	Bell County Fiscal Court - Bell County Literacy Council - Operations - Supplies			
	Restricted Funds	-0-	3,000	3,000
014.	Bell County Fiscal Court - Bell County Little League Baseball - Equipment			
	Restricted Funds	-0-	2,000	2,000
015.	Bell County Fiscal Court - Bell County Middlesboro Airport - Operations			
	Restricted Funds	-0-	5,000	5,000
016.	Bell County Fiscal Court - Bell County Sheriff's Department - Vehicles - Equipment			
	Restricted Funds	-0-	75,000	75,000
017.	Bell County Fiscal Court - Bell County Solid Waste - Operations - Equipment			
	Restricted Funds	-0-	20,000	20,000
018.	Bell County Fiscal Court - Bell County Veterans Park - Improvements			

	Restricted Funds	-0-	5,000	5,000
019.	Bell County Fiscal Court - Browinis Creek Park - Improvements			
	Restricted Funds	-0-	25,000	-0-
020.	Bell County Fiscal Court - County Clerk - Equipment			
	Restricted Funds	-0-	2,000	2,000
021.	Bell County Fiscal Court - Frakes Senior Citizens Center - Operations - Supplies			
	Restricted Funds	-0-	5,000	5,000
022.	Bell County Fiscal Court - Friends of the Shelter - Spay and Neuter Clinics			
	Restricted Funds	-0-	5,000	5,000
023.	Bell County Fiscal Court - Hospice of the Bluegrass - Bell County Chapter - Operations			
	Restricted Funds	-0-	5,000	5,000
024.	Bell County Fiscal Court - Light House Mission - Operations - Equipment			
	Restricted Funds	-0-	15,000	15,000
025.	Bell County Fiscal Court - Middlesboro ARH Hospital - Medicard Match			
	Restricted Funds	-0-	50,000	50,000
026.	Bell County Fiscal Court - Middlesboro Public Library - Supplies			
	Restricted Funds	-0-	5,000	5,000
027.	Bell County Fiscal Court - Operations - Equipment - Projects			
	Restricted Funds	-0-	186,307	345,697
028.	Bell County Fiscal Court - Pine Mountain First Tee - Operations			
	Restricted Funds	-0-	5,000	5,000
029.	Bell County Fiscal Court - Pineville Public Library - Supplies			
	Restricted Funds	-0-	5,000	5,000
030.	Bell County Fiscal Court - PVA - Operations and Equipment			
	Restricted Funds	-0-	2,000	2,000
031.	Bell County Fiscal Court - Red Bird Senior Citizens Center - Operations - Supplies			
	Restricted Funds	-0-	5,000	5,000
032.	City of Middlesboro - City Projects			
	Restricted Funds	-0-	50,000	50,000
033.	City of Middlesboro - Fire Department - Cascade System			
	Restricted Funds	-0-	25,000	-0-
034.	City of Middlesboro - Little League Baseball and T Ball - Equipment			
	Restricted Funds	-0-	2,000	2,000
035.	City of Middlesboro - Main Street Project - Supplies - Operations			
	Restricted Funds	-0-	20,000	-0-

036.	City of Pineville - City Projects			
	Restricted Funds	-0-	40,000	40,000
037.	City of Pineville - Fire Department - Equipment			
	Restricted Funds	-0-	10,000	-0-
038.	City of Pineville - Main Street Project - Supplies - Operations			
	Restricted Funds	-0-	20,000	-0-
039.	City of Pineville - Police Department - Equipment			
	Restricted Funds	-0-	10,000	-0-
040.	Middlesboro Independent Board of Education - Board Projects			
	Restricted Funds	-0-	25,000	-0-
041.	Middlesboro Independent Board of Education - K-6 Little League Football - Equipment			
	Restricted Funds	-0-	3,000	3,000
042.	Pineville Independent Board of Education - Board Projects			
	Restricted Funds	-0-	25,000	-0-
043.	Pineville Independent Board of Education - K-6 Little League Football - Equipment			
	Restricted Funds	-0-	3,000	3,000

Boyd County

001.	Ashland Independent Board of Education - Building and Ground Improvements and other Initiatives			
	Restricted Funds	-0-	50,000	-0-
002.	Boyd County Board of Education - Building and Ground Improvements and other Initiatives			
	Restricted Funds	-0-	50,000	-0-
003.	Boyd County Fiscal Court - Boyd County Fair - Additions - Improvements			
	Restricted Funds	-0-	15,000	-0-
004.	Boyd County Fiscal Court - Economic and Recreational Development Initiatives			
	Restricted Funds	-0-	-0-	50,000
005.	Boyd County Fiscal Court - Safe Harbor - Construction - Renovations - Improvements and other Initiatives			
	Restricted Funds	-0-	25,000	-0-
006.	City of Ashland - Economic Development - Tourism Incentives			
	Restricted Funds	-0-	10,000	-0-
007.	City of Ashland - Highlands Museum - Education - Tourism and other Improvements - Initiatives			
	Restricted Funds	-0-	-0-	25,000

008. City of Catlettsburg - City Beautification and other Improvements

Restricted Funds	-0-	-0-	25,000

009. Fairview Independent Board of Education - HVAC System Upgrades and Energy Efficiency Improvements

Restricted Funds	-0-	75,000	-0-

Breathitt County

001. Breathitt County Board of Education - Blacktop and Ground Improvements at Various Breathitt County Schools

Restricted Funds	-0-	200,000	-0-

002. Breathitt County Board of Education - Site Preparation for Landfill Relating to Lakeside Road Project - Tile - Equipment

Restricted Funds	-0-	-0-	200,000

003. Breathitt County Fiscal Court - Breathitt County Attorney's Office - Technology Upgrades - Equipment - Computers - Office Furnishings

Restricted Funds	-0-	25,000	-0-

004. Breathitt County Fiscal Court - Breathitt County Early Childhood Center - Equipment, Supplies, Materials, Grounds and Staff Assistance

Restricted Funds	-0-	100,000	-0-

005. Breathitt County Fiscal Court - Breathitt County Museum and Welcome Center - Building and Improvements

Restricted Funds	-0-	-0-	250,000

006. Breathitt County Fiscal Court - Breathitt County PVA - Technology Upgrades - Remodeling - Equipment

Restricted Funds	-0-	25,000	-0-

007. Breathitt County Fiscal Court - Canoe Volunteer Fire Department - Equipment - Building - Road Improvements

Restricted Funds	-0-	-0-	25,000

008. Breathitt County Fiscal Court - Huston Water - Water Line Extension to Walter Combs Home

Restricted Funds	-0-	-0-	275,000

009. Breathitt County Fiscal Court - Malone - Miller Skate Park

Restricted Funds	-0-	50,000	-0-

010. Breathitt County Fiscal Court - Nim Henson Geriatric Center - Generator - Equipment - Roof Repair and Replacement

Restricted Funds	-0-	150,000	-0-

011. Breathitt County Fiscal Court - Panbow Hollow/Panbow Hill - Water Line Extensions

Restricted Funds	-0-	247,067	-0-

012.	Breathitt County Fiscal Court - Payment of Water Line Debt		
	Restricted Funds -0-	250,000	-0-
013.	City of Jackson - Jackson City Fire Department - Equipment - Improvements		
	Restricted Funds -0-	-0-	50,000
014.	City of Jackson - Jackson City Police Department - Equipment and Operations		
	Restricted Funds -0-	25,000	-0-
015.	City of Jackson - Lost Creek Water Tank		
	Restricted Funds -0-	150,000	-0-
016.	City of Jackson - Purchase Two New Work Trucks		
	Restricted Funds -0-	-0-	49,342
017.	Jackson Independent Board of Education - Jackson City School - Equipment - Supplies - Improvements		
	Restricted Funds -0-	-0-	100,000

Clay County

001.	City of Manchester - Purchase of City Hall		
	Restricted Funds -0-	125,000	125,000
002.	Clay County Fiscal Court - General Government - EMS General Fund Construction Recovery		
	Restricted Funds -0-	400,000	-0-
003.	Clay County Fiscal Court - Ten Volunteer Fire Departments - Equipment - Operations		
	Restricted Funds -0-	-0-	80,000
004.	Clay County Fiscal Court - Transportation - Equipment - Maintenance		
	Restricted Funds -0-	47,000	79,000

Crittenden County

001.	Crittenden County Fiscal Court - Detention Center - Debt Reduction		
	Restricted Funds -0-	173,178	97,642

Daviess County

001.	Daviess County Fiscal Court - Economic Development - Incentives		
	Restricted Funds -0-	43,488	41,752

Elliott County

001.	Elliott County Fiscal Court - Elliott County Ambulance Services - Upgrades - Improvements		
	Restricted Funds -0-	40,000	40,000
002.	Elliott County Fiscal Court - Elliott County Public Library - Improvements - Operations and other Initiatives		
	Restricted Funds -0-	20,000	20,000

003.	Elliott County Fiscal Court - Laurel Gorge Center - Improvements - Operations and other Initiatives			
	Restricted Funds	-0-	20,000	20,000

Floyd County

001.	City of Allen - Allen Park - General Maintenance			
	Restricted Funds	-0-	40,000	40,000
002.	City of Allen - Allen Park Recreation Building			
	Restricted Funds	200,000	5,000	5,000
003.	City of Allen - Ball Park Improvements			
	Restricted Funds	-0-	10,000	10,000
004.	City of Martin - Martin Fire Department - Equipment			
	Restricted Funds	-0-	2,600	2,600
005.	City of Martin - Martin Senior Citizens - Operating			
	Restricted Funds	-0-	10,000	10,000
006.	City of Prestonsburg - Floyd County Rescue Squad - Equipment, Operations, and Repairs			
	Restricted Funds	-0-	25,000	25,000
007.	City of Prestonsburg - Mountain Arts Center			
	Restricted Funds	-0-	75,000	75,000
008.	City of Prestonsburg - Mountain Comp. Care - Layne House Education			
	Restricted Funds	-0-	30,000	30,000
009.	City of Prestonsburg - Mountain Top Recreational - Repairs, Maintenance, and Renovations to Stonecrest			
	Restricted Funds	-0-	150,000	200,000
010.	City of Prestonsburg - Parks and Recreation			
	Restricted Funds	-0-	20,000	-0-
011.	City of Prestonsburg - Prestonsburg Fire Department #1 - Equipment			
	Restricted Funds	-0-	2,600	2,600
012.	City of Prestonsburg - Prestonsburg Fire Department #2 - Equipment			
	Restricted Funds	-0-	2,600	2,600
013.	City of Prestonsburg - Prestonsburg Senior Citizens - Operating			
	Restricted Funds	-0-	10,000	10,000
014.	City of Prestonsburg - VFW Post 5839 - Equipment and Improvements			
	Restricted Funds	-0-	1,500	1,500
015.	City of Wayland - Wayland Fire Department			
	Restricted Funds	-0-	2,600	2,600
016.	City of Wayland - Wayland Park			
	Restricted Funds	-0-	2,500	2,500

017.	City of Wayland - Wayland Senior Citizens - Operating			
	Restricted Funds	-0-	10,000	10,000
018.	City of Wheelwright - Senior Citizens - Main Operating Building - Repairs and Renovations			
	Restricted Funds	18,900	-0-	-0-
019.	City of Wheelwright - Wheelwright Fire Department - Equipment			
	Restricted Funds	-0-	2,600	2,600
020.	City of Wheelwright - Wheelwright Rt 306 - Repairs			
	Restricted Funds	325,000	-0-	-0-
021.	City of Wheelwright - Wheelwright Senior Citizens - Operating			
	Restricted Funds	-0-	10,000	10,000
022.	City of Wheelwright - Wheelwright Swimming Pool			
	Restricted Funds	20,000	25,000	25,000
023.	Floyd County Board of Education - Academics and Athletics - High Schools			
	Restricted Funds	-0-	100,000	100,000
024.	Floyd County Board of Education - Drift Ball Park Lighting			
	Restricted Funds	-0-	75,000	-0-
025.	Floyd County Board of Education - Wheelwright Gym Repair			
	Restricted Funds	-0-	100,000	-0-
026.	Floyd County Fiscal Court - American Legion Post 283 - Equipment and Improvements			
	Restricted Funds	-0-	1,500	1,500
027.	Floyd County Fiscal Court - Big Sandy Regional Airport - Terminal Repairs and Rehabilitation			
	Restricted Funds	-0-	50,000	-0-
028.	Floyd County Fiscal Court - County Fire Departments - Distributed Equally - Equipment			
	Restricted Funds	-0-	41,600	41,600
029.	Floyd County Fiscal Court - Courthouse - Renovation and HVAC			
	Restricted Funds	-0-	50,000	-0-
030.	Floyd County Fiscal Court - DAV Post #128 - Equipment and Operations			
	Restricted Funds	65,000	5,000	5,000
031.	Floyd County Fiscal Court - DAV Post #169 - Equipment and Operations			
	Restricted Funds	-0-	5,000	5,000
032.	Floyd County Fiscal Court - DAV Post #18 - Equipment and Operations			
	Restricted Funds	-0-	5,000	5,000
033.	Floyd County Fiscal Court - Elkhorn Park - Maintenance and Repairs			
	Restricted Funds	-0-	12,500	12,500

034.	Floyd County Fiscal Court - Floyd County Drug Court			
	Restricted Funds	-0-	50,000	50,000
035.	Floyd County Fiscal Court - Floyd County Health Department - Colon Cancer Screening/Care			
	Restricted Funds	-0-	50,000	-0-
036.	Floyd County Fiscal Court - Highland Autistic School - Autism Scholarships			
	Restricted Funds	-0-	75,000	75,000
037.	Floyd County Fiscal Court - Left Beaver Rescue Squad - Equipment and Repairs			
	Restricted Funds	-0-	10,000	10,000
038.	Floyd County Fiscal Court - Martin American Veterans - Equipment and Improvements			
	Restricted Funds	-0-	1,500	1,500
039.	Floyd County Fiscal Court - Martin Community Center - Floor and other Repairs			
	Restricted Funds	-0-	100,000	-0-
040.	Floyd County Fiscal Court - Minnie Park - Restrooms and Sewer and Various Improvements			
	Restricted Funds	-0-	100,000	25,000
041.	Floyd County Fiscal Court - Mud Creek Park - Development and Site Acquisition			
	Restricted Funds	-0-	25,000	25,000
042.	Floyd County Fiscal Court - Purchase Dump Truck			
	Restricted Funds	-0-	-0-	80,000
043.	Floyd County Fiscal Court - Renovations and Improvements - German Bridge Camping Area			
	Restricted Funds	-0-	25,000	25,000
044.	Floyd County Fiscal Court - Senior Citizens - Mud Creek, McDowell, Betsy Layne - Equally - Operating			
	Restricted Funds	-0-	30,000	30,000
045.	Floyd County Fiscal Court - Veterans Cemetery			
	Restricted Funds	-0-	50,000	50,000
046.	Floyd County Fiscal Court - Wayland Historical Society - Renovation, Planning, Development and Construction - Mountain Sports Hall of Fame			
	Restricted Funds	-0-	74,400	-0-
047.	Prestonsburg City Utilities - PCUC - Lakeview Water and Sewer Systems Extension			
	Restricted Funds	-0-	100,000	-0-

Greenup County

001.	City of Flatwoods - Russell/Flatwoods Meals on Wheels			
	Restricted Funds	1,000	-0-	-0-
002.	City of Greenup - Meals on Wheels			
	Restricted Funds	1,000	-0-	-0-
003.	City of Greenup - Park and Downtown Improvements			
	Restricted Funds	5,000	-0-	-0-
004.	City of South Shore - Fullerton/South Portsmouth Welcome Area			
	Restricted Funds	25,000	-0-	-0-
005.	City of South Shore - Meals on Wheels			
	Restricted Funds	1,000	-0-	-0-
006.	City of Worthington - Raceland/Worthington Meals on Wheels			
	Restricted Funds	1,000	-0-	-0-
007.	Greenup County Board of Education - Wurtland Walking/Running Track			
	Restricted Funds	6,000	-0-	-0-

Hancock County

001.	Hancock County Fiscal Court - Owensboro Community and Technical College - Hancock Branch			
	Restricted Funds	-0-	31,228	29,981

Harlan County

001.	Harlan County Fiscal Court - Cawood Ledford Boys and Girls Club - Operations, Maintenance and Equipment			
	Restricted Funds	-0-	40,000	40,000
002.	Harlan County Fiscal Court - Challenge Academy - Operations			
	Restricted Funds	-0-	420,000	240,000
003.	Harlan County Fiscal Court - County Road Department - Equipment and/or Building			
	Restricted Funds	-0-	100,000	100,000
004.	Harlan County Fiscal Court - Debt Service			
	Restricted Funds	-0-	877,881	1,229,721
005.	Harlan County Fiscal Court - District Projects			
	Restricted Funds	-0-	220,000	220,000
006.	Harlan County Fiscal Court - Fire Departments - Equally Divided - Equipment			
	Restricted Funds	-0-	75,000	-0-
007.	Harlan County Fiscal Court - Harlan County Senior Citizens Center - Operations, Maintenance and Equipment			
	Restricted Funds	-0-	50,000	50,000

008. Harlan County Fiscal Court - Jail - Construction

Restricted Funds	-0-	150,000	-0-

009. Harlan County Fiscal Court - Old Courthouse - Repairs

Restricted Funds	-0-	100,000	100,000

010. Harlan County Fiscal Court - Rescue Squad - Equally Divided

Restricted Funds	-0-	30,000	-0-

011. Harlan County Fiscal Court - Tri-City Senior Citizens Center - Operations, Maintenance and Equipment

Restricted Funds	-0-	10,000	10,000

012. Harlan County Fiscal Court - Wallins Creek Fellowship Center - Operations, Maintenance and Equipment

Restricted Funds	-0-	10,000	10,000

Henderson County

001. Henderson County Fiscal Court - AED's Defibrillators for Each of the Volunteer Fire Departments in Henderson County and Henderson County Courthouse, Gross Clay Lindsey Judicial Center and Road Department (Total 14 AED's)

Restricted Funds	-0-	35,000	-0-

002. Henderson County Fiscal Court - Audubon State Park Garden - Retaining Wall

Restricted Funds	-0-	25,000	-0-

003. Henderson County Fiscal Court - Audubon State Park Theater - Improvements

Restricted Funds	-0-	100,000	-0-

004. Henderson County Fiscal Court - Boat Ramp Located on Green River between Spottsville and Sebree - Construction

Restricted Funds	-0-	20,000	-0-

005. Henderson County Fiscal Court - Boat Ramp Located on Ohio River between Second Street and Diamon Island - Construction

Restricted Funds	-0-	20,000	-0-

006. Henderson County Fiscal Court - City/County Bike Path - Improvements

Restricted Funds	-0-	75,000	-0-

007. Henderson County Fiscal Court - Community Service at Road Department - Break and Locker Room - Improvements

Restricted Funds	-0-	40,000	-0-

008. Henderson County Fiscal Court - County Park - Bridge

Restricted Funds	-0-	75,000	-0-

009. Henderson County Fiscal Court - Four Star Industrial Park - Improvements

Restricted Funds	-0-	45,000	-0-
010. Henderson County Fiscal Court - Johnny Mathias Outdoor Arena - Extension at Fairgrounds			
Restricted Funds	-0-	60,000	-0-
011. Henderson County Fiscal Court - North West Kentucky Energy Initiative			
Restricted Funds	-0-	10,000	-0-
012. Henderson County Fiscal Court - Promote Tourism - Festivals - Handy - Bluegrass			
Restricted Funds	-0-	20,000	-0-
013. Henderson County Fiscal Court - Reconstruct - Recycled Building from College on New County Park Property - Maintenance Shop			
Restricted Funds	-0-	25,000	-0-
014. Henderson County Fiscal Court - Samuel Hopkins Historical Cemetery - Improvements			
Restricted Funds	-0-	75,000	-0-
015. Henderson County Fiscal Court - Smithmills and Spottsville - Upgrade for Boat Ramps - Lighting			
Restricted Funds	-0-	10,000	-0-
016. Henderson County Water District - Larue Road Water Line Extension (WX21101102)			
Restricted Funds	-0-	42,000	-0-
017. Henderson County Water District - Rucker Road #2 Water Line Replacement/Relocation (WX21101101)			
Restricted Funds	-0-	36,000	-0-
018. Henderson County Water District - Tillman Bethel Road - Water Line Extension			
Restricted Funds	-0-	25,000	-0-
019. Henderson County Water District - Walter Road Line Extension (WX21101103)			
Restricted Funds	-0-	33,000	-0-
Hopkins County			
001. City of Dawson Springs - City Hall			
Restricted Funds	-0-	50,000	50,000
002. City of Earlington - City Hall			
Restricted Funds	-0-	50,000	50,000
003. City of Mortons Gap - City Building			
Restricted Funds	-0-	100,000	100,000
004. City of Nebo - Community Center Renovations			

	Restricted Funds	-0-	50,000	50,000
005.	City of White Plains - Purchase Generators			
	Restricted Funds	-0-	50,000	-0-
006.	Hopkins County Fiscal Court - Road Projects and Equipment			
	Restricted Funds	-0-	200,000	200,000
007.	Hopkins County Fiscal Court - Sports Complex			
	Restricted Funds	-0-	500,000	500,000
008.	Hopkins County Fiscal Court - Unallocated Projects			
	Restricted Funds	-0-	83,000	123,000
009.	Hopkins County Fiscal Court - Volunteer Fire Departments - Equipment and Projects			
	Restricted Funds	-0-	70,000	70,000
010.	Madisonville Community College - Brown Badgett Advanced Energy and Technology Center - Training Units			
	Restricted Funds	-0-	141,000	-0-
011.	Madisonville Community College - Mechatronics Unit			
	Restricted Funds	-0-	-0-	151,000
012.	Madisonville Community College - School Counts Project			
	Restricted Funds	-0-	10,000	10,000

Jackson County

001.	Jackson County Fiscal Court - Appalachian Food Center - Annville - Serves Jackson, Laurel, and Clay Counties - Mobile Processing - Kitchen Equipment - One Full-Time Job and Five Part-Time Jobs			
	Restricted Funds	-0-	150,000	-0-
002.	Jackson County Fiscal Court - Farmer's Market - Equipment - Tables - Work Area			
	Restricted Funds	-0-	50,000	-0-
003.	Jackson County Fiscal Court - Gray Hawk Fire Department - Equipment			
	Restricted Funds	-0-	-0-	17,000
004.	Jackson County Fiscal Court - McKee Fire Department - Equipment			
	Restricted Funds	-0-	-0-	17,000
005.	Jackson County Fiscal Court - Pond Creek Fire Department - Equipment			
	Restricted Funds	-0-	-0-	17,000
006.	Jackson County Fiscal Court - Pond Creek Fire Department - Upgrade Building			
	Restricted Funds	-0-	197,441	-0-
007.	Jackson County Fiscal Court - Sand Gap Fire Department - Equipment			
	Restricted Funds	-0-	-0-	17,000

008. Jackson County Fiscal Court - Senior Citizens Center - Equipment

Restricted Funds	-0-	40,000	40,000

Johnson County

001. Johnson County Fiscal Court - Fire Departments - Equipment - Supplies

Restricted Funds	-0-	35,000	35,000

002. Johnson County Fiscal Court - Pharmacy School Infrastructure/Scholarships

Restricted Funds	-0-	100,000	100,000

003. Johnson County Fiscal Court - Recreation - Equipment - Supplies - Upgrades

Restricted Funds	-0-	25,000	25,000

004. Johnson County Fiscal Court - Senior Citizens - Supplies

Restricted Funds	-0-	25,000	25,000

005. Johnson County Fiscal Court - Water Projects - Upgrades

Restricted Funds	-0-	50,000	50,000

Knott County

001. City of Hindman - Water and Sewer - Loan Payoff

Restricted Funds	-0-	500,000	-0-

002. Knott County Fiscal Court - Hospice of the Bluegrass

Restricted Funds	-0-	-0-	50,000

003. Knott County Fiscal Court - Human Services and Senior Citizen Center - Building Improvements

Restricted Funds	-0-	75,000	-0-

004. Knott County Fiscal Court - Kentucky School of Craft

Restricted Funds	-0-	-0-	100,000

005. Knott County Fiscal Court - Knott County Clerk's Office - Equipment

Restricted Funds	-0-	-0-	10,000

006. Knott County Fiscal Court - Knott County Fire Departments - ($7500 each Department)

Restricted Funds	-0-	75,000	75,000

007. Knott County Fiscal Court - Knott County Parks and Community Centers

Restricted Funds	-0-	10,000	10,000

008. Knott County Fiscal Court - Knott County Sportsplex - Bond Payment, Equipment and Improvements

Restricted Funds	-0-	790,000	790,000

009. Knott County Fiscal Court - Knott County Vocational School - Renovation Project

Restricted Funds	-0-	10,000	-0-

010. Knott County Fiscal Court - Troublesome Creek Environmental Authority Bond Payment

Restricted Funds	-0-	375,000	350,000
011. Knott County Fiscal Court - Various Adventure Tourism Projects			
Restricted Funds	-0-	250,000	200,000
012. Knott County Fiscal Court - Water and Sewer Projects			
Restricted Funds	-0-	1,900,000	1,900,000

Laurel County

001. Laurel County Fiscal Court - Baldrock Fire Department - Equipment			
Restricted Funds	-0-	7,000	7,400
002. Laurel County Fiscal Court - Bush Fire Department - Equipment			
Restricted Funds	-0-	7,000	7,400
003. Laurel County Fiscal Court - Campground Fire Department - Equipment			
Restricted Funds	-0-	7,000	7,400
004. Laurel County Fiscal Court - Colony Fire Department - Equipment			
Restricted Funds	-0-	7,000	7,400
005. Laurel County Fiscal Court - Crossroads Fire Department - Equipment			
Restricted Funds	-0-	7,000	7,400
006. Laurel County Fiscal Court - East Bernstadt Fire Department - Equipment			
Restricted Funds	-0-	7,000	7,400
007. Laurel County Fiscal Court - Keavy Fire Department - Equipment			
Restricted Funds	-0-	7,000	7,400
008. Laurel County Fiscal Court - Laurel County Fire Department - Equipment			
Restricted Funds	-0-	7,000	7,400
009. Laurel County Fiscal Court - Laurel County Rescue Squad			
Restricted Funds	-0-	7,000	7,400
010. Laurel County Fiscal Court - Lily Fire Department - Equipment			
Restricted Funds	-0-	7,000	7,400
011. Laurel County Fiscal Court - London Fire Department - Equipment			
Restricted Funds	-0-	7,000	7,400
012. Laurel County Fiscal Court - McWhorter Fire Department - Equipment			
Restricted Funds	-0-	7,000	7,400
013. Laurel County Fiscal Court - Tourist Commission for History and Genealogy Center			
Restricted Funds	-0-	10,000	-0-

Lawrence County

001. City of Blaine - City Beautification and other Improvements			
Restricted Funds	-0-	15,000	-0-
002. City of Louisa - City Beautification and other Improvements			
Restricted Funds	-0-	25,000	-0-

003.	Lawrence County Board of Education - Equally Divided Among the Elementary Schools, Middle School, and High School - Technology - Curriculum and Educational Improvements and other Initiatives			
	Restricted Funds	-0-	-0-	50,000
004.	Lawrence County Board of Education - HVAC System Upgrades and Energy Efficiency Improvements			
	Restricted Funds	-0-	-0-	125,000
005.	Lawrence County Fiscal Court - County Parks and Recreation - Improvements - Additions			
	Restricted Funds	-0-	40,000	40,000
006.	Lawrence County Fiscal Court - Fallsburg Community Center - Building and Ground Improvements			
	Restricted Funds	-0-	10,000	-0-
007.	Lawrence County Fiscal Court - Lawrence County Economic Development Center - Renovations - Improvements and Energy Efficiency Efforts			
	Restricted Funds	-0-	125,000	15,000
008.	Lawrence County Fiscal Court - Lawrence County Industrial Park - Improvements - Additions			
	Restricted Funds	-0-	40,000	40,000
009.	Lawrence County Fiscal Court - Seven Fire Departments and Lawrence County Emergency Management - Equally Divided			
	Restricted Funds	-0-	40,000	40,000
010.	Lawrence County Fiscal Court - Sewer Line Extensions - Improvements			
	Restricted Funds	-0-	75,000	-0-
011.	Lawrence County Fiscal Court - Water Line Extensions			
	Restricted Funds	-0-	35,000	35,000
Lee County				
001.	Lee County Fiscal Court - Bear Track Park - Improvements			
	Restricted Funds	-0-	-0-	10,000
002.	Lee County Fiscal Court - Design, Planning and Land Acquisition for Health Department			
	Restricted Funds	-0-	200,000	125,000
003.	Lee County Fiscal Court - Happy Top Park - Equipment			
	Restricted Funds	-0-	9,296	-0-
004.	Lee County Fiscal Court - Heidelberg Park - Improvements			
	Restricted Funds	-0-	-0-	10,000
005.	Lee County Fiscal Court - Lee County Ambulance Service - Two Used Ambulances			

	Restricted Funds	-0-	25,000	25,000
006.	Lee County Fiscal Court - Lee County Courthouse - Improvements			
	Restricted Funds	-0-	-0-	40,000
007.	Lee County Fiscal Court - Lee County Fire Departments - Equipment - Materials			
	Restricted Funds	-0-	-0-	30,000
008.	Lee County Fiscal Court - Lee County Jailer - Purchase Vehicle			
	Restricted Funds	-0-	25,000	-0-
009.	Lee County Fiscal Court - Lee County Rescue Squad - Equipment			
	Restricted Funds	-0-	-0-	10,000
010.	Lee County Fiscal Court - Lee County Road Department - Equipment and Vehicles			
	Restricted Funds	-0-	100,000	26,947
011.	Lee County Fiscal Court - Lee County Youth - Sports - Equipment - Supplies			
	Restricted Funds	-0-	-0-	20,000
012.	Lee County Fiscal Court - Skate Park - Improvements			
	Restricted Funds	-0-	50,000	-0-
013.	Lee County Fiscal Court - Spray Park - Phase Two Water Project			
	Restricted Funds	-0-	100,000	-0-

Leslie County

001.	City of Hyden - Project 7 - Wellness Center - City Park - Pedway Project - Equipment - Operations - Construction			
	Restricted Funds	-0-	200,000	-0-
002.	Leslie County Board of Education - Project 8 - High School Breezeway Project - Construction			
	Restricted Funds	-0-	100,000	-0-
003.	Leslie County Fiscal Court - Project 1 - Six Volunteer Fire Departments - Equipment - Operations - Construction			
	Restricted Funds	-0-	60,000	60,000
004.	Leslie County Fiscal Court - Project 10 - HCTCS Leslie County Campus - Maintenance - Operations			
	Restricted Funds	-0-	75,000	-0-
005.	Leslie County Fiscal Court - Project 11 - Leslie County High School - Technology Enhancements			
	Restricted Funds	-0-	80,000	-0-
006.	Leslie County Fiscal Court - Project 12 - Transportation - Equipment - Resurfacing			
	Restricted Funds	-0-	75,000	30,000

007. Leslie County Fiscal Court - Project 13 - Leslie County Drug Awareness Program - School Programs

Restricted Funds	-0-	-0-	25,000

008. Leslie County Fiscal Court - Project 14 - Hurricane Creek Mine Disaster Memorial - Construction

Restricted Funds	-0-	50,000	-0-

009. Leslie County Fiscal Court - Project 2 - 911 Equipment - Operations - Construction

Restricted Funds	-0-	300,000	300,000

010. Leslie County Fiscal Court - Project 3 - Beechfork - Cutsbin - Hyden - Stinnett Community Centers - Equipment - Operations - Divided Equally

Restricted Funds	-0-	400,000	400,000

011. Leslie County Fiscal Court - Project 4 - Stinnett Community Center - Senior Citizens Food Services Program

Restricted Funds	-0-	50,000	50,000

012. Leslie County Fiscal Court - Project 5 - Leslie County Detention Center - Equipment - Operations - Construction

Restricted Funds	-0-	415,000	440,000

013. Leslie County Fiscal Court - Project 6 - Mary Breckinridge Hospital - ICU - Surgery Expansion

Restricted Funds	-0-	125,000	-0-

014. Leslie County Fiscal Court - Project 9 - Leslie County Firefighters Association - Firefighters Memorial

Restricted Funds	-0-	25,000	-0-

Letcher County

001. City of Fleming-Neon - Improvements - Maintenance

Restricted Funds	-0-	50,000	100,000

002. City of Jenkins - Improvements - Maintenance

Restricted Funds	-0-	50,000	100,000

003. City of Whitesburg - Improvements - Maintenance

Restricted Funds	-0-	50,000	100,000

004. Letcher County Fiscal Court - Appalachian Child Care Center - Debt Service

Restricted Funds	-0-	12,000	-0-

005. Letcher County Fiscal Court - ARH/ Uncompensated Care Grant

Restricted Funds	-0-	50,000	50,000

006. Letcher County Fiscal Court - Community Centers - Maintenance - Repairs

Restricted Funds	-0-	50,000	50,000

007. Letcher County Fiscal Court - County Clerk - Equipment

	Restricted Funds	-0-	25,000	25,000
008.	Letcher County Fiscal Court - Domestic Violence Shelter - Operational Improvements			
	Restricted Funds	-0-	50,000	50,000
009.	Letcher County Fiscal Court - Fire Departments - Equipment - Supplies			
	Restricted Funds	-0-	200,000	-0-
010.	Letcher County Fiscal Court - Fire Training Center at Neon - Upgrades - Maintenance			
	Restricted Funds	-0-	100,000	-0-
011.	Letcher County Fiscal Court - Fleming/Neon Senior Citizens Center - Building and Repairs			
	Restricted Funds	-0-	100,000	-0-
012.	Letcher County Fiscal Court - Kids Day Committee			
	Restricted Funds	-0-	10,000	10,000
013.	Letcher County Fiscal Court - Letcher County Health Department - Colon Cancer Screening Care			
	Restricted Funds	-0-	50,000	-0-
014.	Letcher County Fiscal Court - Letcher Fire and Rescue - Fire Truck			
	Restricted Funds	-0-	200,000	-0-
015.	Letcher County Fiscal Court - Little Shepherd Amphitheatre - Improvements			
	Restricted Funds	-0-	-0-	50,000
016.	Letcher County Fiscal Court - McRoberts Community Center - Equipment			
	Restricted Funds	-0-	25,000	-0-
017.	Letcher County Fiscal Court - Mountain Outreach - Building Improvements			
	Restricted Funds	-0-	-0-	50,000
018.	Letcher County Fiscal Court - Parks and Recreation - Maintenance - Repairs			
	Restricted Funds	-0-	240,000	240,000
019.	Letcher County Fiscal Court - Pine Mountain Search and Rescue - Equipment			
	Restricted Funds	-0-	25,000	-0-
020.	Letcher County Fiscal Court - Planning Commission - Project Planning			
	Restricted Funds	-0-	25,000	25,000
021.	Letcher County Fiscal Court - Recreational Center - Debt Service			
	Restricted Funds	-0-	600,000	600,000
022.	Letcher County Fiscal Court - Sanitation Department - Operations - Maintenance - Repairs			
	Restricted Funds	-0-	100,000	100,000
023.	Letcher County Fiscal Court - Senior Citizens Center - Maintenance - Repairs - Building Needs			

Restricted Funds	-0-	200,000	200,000
024. Letcher County Fiscal Court - Sheriff's Department - Equipment			
Restricted Funds	-0-	25,000	25,000
025. Letcher County Fiscal Court - Tourism - Operations			
Restricted Funds	-0-	75,000	75,000
026. Letcher County Fiscal Court - Veterans Museum - Repairs - Maintenance			
Restricted Funds	-0-	-0-	50,000
027. Letcher County Fiscal Court - Water and Sewer - Various Projects			
Restricted Funds	-0-	1,053,000	-0-
Magoffin County			
001. City of Salyersville - Maple Leaf Park			
Restricted Funds	-0-	100,000	-0-
002. City of Salyersville - Salyersville Fire Department - Purchase of Truck			
Restricted Funds	-0-	100,000	-0-
003. City of Salyersville - Salyersville Parkway Lift Station Project (SX21153521)			
Restricted Funds	-0-	100,000	-0-
004. Magoffin County Fiscal Court - Bloomington Volunteer Fire Department			
Restricted Funds	-0-	60,000	-0-
005. Magoffin County Fiscal Court - Magoffin County Rescue - Equipment - Supplies			
Restricted Funds	-0-	25,000	-0-
006. Magoffin County Fiscal Court - Park Renovation			
Restricted Funds	-0-	15,000	75,000
007. Magoffin County Fiscal Court - REACH			
Restricted Funds	-0-	20,000	-0-
008. Magoffin County Fiscal Court - Senior Citizens Center - Supplies - Operations			
Restricted Funds	-0-	25,000	25,000
009. Magoffin County Fiscal Court - Sheriff's Department - Equipment - Supplies - Vehicles			
Restricted Funds	-0-	75,000	-0-
010. Magoffin County Fiscal Court - South Magoffin Volunteer Fire Department - Building Construction			
Restricted Funds	-0-	76,000	-0-
011. Magoffin County Fiscal Court - South Magoffin Volunteer Fire Department - Personal Protective Equipment			
Restricted Funds	-0-	-0-	25,000
012. Magoffin County Health Department - Debt Service Retirement			

Restricted Funds	-0-	75,000	75,000
013. Magoffin County Library Board - Renovations or Debt Service Reduction			
Restricted Funds	-0-	100,000	100,000
014. Salyersville Water Works - Salyersville Raw Water Supply Project - Drilled Production Wells (WX21153519)			
Restricted Funds	-0-	-0-	500,000
015. Salyersville Water Works - Salyersville Water Plant Improvements Project (WX21153517)			
Restricted Funds	-0-	500,000	-0-
Martin County			
001. Martin County Fiscal Court - Big Sandy Regional Airport - Terminal Repairs and Rehabilitation			
Restricted Funds	-0-	50,000	-0-
002. Martin County Fiscal Court - Family Resource Centers			
Restricted Funds	-0-	60,000	-0-
003. Martin County Fiscal Court - Inez Library			
Restricted Funds	-0-	15,000	-0-
004. Martin County Fiscal Court - Martin County Health Department - Colon Cancer Screening/Care			
Restricted Funds	-0-	50,000	-0-
005. Martin County Fiscal Court - Senior Citizens Meals on Wheels			
Restricted Funds	-0-	15,000	-0-
006. Martin County Fiscal Court - Warfield Fire Department - Equipment			
Restricted Funds	-0-	50,000	-0-
Menifee County			
001. Menifee County Board of Education - HOPE - Abstinence Education			
Restricted Funds	-0-	5,000	5,000
002. Menifee County Board of Education - Transport Van			
Restricted Funds	-0-	-0-	20,000
003. Menifee County Board of Education - Video and Communication Room			
Restricted Funds	-0-	7,500	-0-
004. Menifee County Fiscal Court - Broke Leg Falls Park - Improvements			
Restricted Funds	-0-	-0-	12,000
005. Menifee County Fiscal Court - Fire Department Building			
Restricted Funds	-0-	216,400	-0-
006. Menifee County Fiscal Court - Gateway House Homeless Shelter			
Restricted Funds	-0-	-0-	3,900
007. Menifee County Fiscal Court - Menifee Animal Shelter - Improvements -			

Supplies

Restricted Funds	-0-	-0-	25,000

008. Menifee County Fiscal Court - Senior Citizens Center - Planning and Design

Restricted Funds	-0-	-0-	25,000

009. Menifee County Project Worth and Education Center - Food Pantry and Supplies

Restricted Funds	-0-	-0-	6,000

010. Menifee County Sheriff's Department - Office Building Remodel - Equipment and Building Improvements

Restricted Funds	-0-	-0-	10,000

011. Menifee County Sheriff's Department - Operation Unite

Restricted Funds	-0-	-0-	10,000

012. Menifee County Sheriff's Office - Neighbors Unite Crime Watch Program

Restricted Funds	-0-	5,000	5,000

Morgan County

001. City of West Liberty - Food Bank - Helping Hands Food Pantry

Restricted Funds	-0-	5,000	-0-

002. City of West Liberty - Morgan County Appalachian Regional Hospital and St. Claire Regional Medical Center

Restricted Funds	-0-	100,000	-0-

003. City of West Liberty - Side Walk Repairs

Restricted Funds	-0-	10,000	-0-

004. City of West Liberty - West Liberty/Morgan County Fire Department Building

Restricted Funds	-0-	200,000	-0-

005. Morgan County Board of Education - HOPE - Abstinence Education

Restricted Funds	-0-	5,000	5,000

006. Morgan County Fiscal Court - Eight Fire Departments and One Rescue Squad - Equally Divided

Restricted Funds	-0-	90,000	-0-

007. Morgan County Fiscal Court - Equipment - Road Maintenance and Snow Removal

Restricted Funds	-0-	75,000	-0-

008. Morgan County Fiscal Court - Gateway House Homeless Shelter

Restricted Funds	-0-	5,000	5,000

009. Morgan County Public Library - Purchase Books

Restricted Funds	-0-	25,000	-0-

010. Morgan County Schools - Youth Health and Wellness Drug Prevention

Program

Restricted Funds	-0-	50,000	50,000

011. Morgan County Sheriff's Department - Operation Unite

Restricted Funds	-0-	10,000	-0-

012. Morgan County Sheriff's Department - Sheriff's Department - Equipment Purchase

Restricted Funds	-0-	-0-	50,000

Muhlenberg County

001. City of Drakesboro - Sewer Line - Replacement - Improvements

Restricted Funds	-0-	170,000	-0-

002. City of Greenville - Downtown Renovation

Restricted Funds	-0-	100,000	-0-

003. City of Greenville - Muhlenberg Community Theater - Renovation

Restricted Funds	-0-	-0-	25,000

004. Muhlenberg County Fiscal Court - Courthouse - Renovation

Restricted Funds	-0-	500,000	500,000

005. Muhlenberg County Fiscal Court - Support of Muhlenberg Economic Enterprises - Industrial Recruitment/Office Expenses

Restricted Funds	-0-	50,000	50,000

006. Muhlenberg County Water District #1 - Purchase Generators

Restricted Funds	-0-	20,000	-0-

007. Muhlenberg County Water District #3 - Purchase Generators

Restricted Funds	-0-	100,000	-0-

Ohio County

001. Ohio County Fiscal Court - Animal Shelter - Construction

Restricted Funds	-0-	-0-	60,000

002. Ohio County Fiscal Court - Equipment Purchases

Restricted Funds	-0-	129,667	64,490

003. Ohio County Fiscal Court - Upgrade and Repair County Roads

Restricted Funds	-0-	71,212	-0-

Owsley County

001. City of Booneville - Purchase - Street Lights

Restricted Funds	-0-	35,000	-0-

002. City of Booneville - Sewer and Water Line Extensions

Restricted Funds	-0-	195,303	-0-

003. Owsley County Fiscal Court - Action Place - Improvements

Restricted Funds	-0-	75,000	-0-

004. Owsley County Fiscal Court - Land Purchase

Restricted Funds	-0-	100,000	100,000
005. Owsley County Fiscal Court - Owsley County Library - Grounds - Equipment			
Restricted Funds	-0-	25,000	25,000
006. Owsley County Fiscal Court - Purchase - Splash Pool			
Restricted Funds	-0-	-0-	93,393

Perry County

001. City of Hazard - City of Hazard			
Restricted Funds	-0-	50,000	50,000
002. Perry County Fiscal Court - Buckhorn Water System - Improvements			
Restricted Funds	-0-	100,000	-0-
003. Perry County Fiscal Court - Challenger Center			
Restricted Funds	-0-	75,000	75,000
004. Perry County Fiscal Court - County Radio System Tower			
Restricted Funds	-0-	-0-	150,000
005. Perry County Fiscal Court - Fire Department and Rescue - Equipment			
Restricted Funds	-0-	130,000	130,000
006. Perry County Fiscal Court - Hazard Independent School - Supplies - Improvements			
Restricted Funds	-0-	150,000	150,000
007. Perry County Fiscal Court - Hospice of the Bluegrass - Hazard In-Patient Facility			
Restricted Funds	-0-	100,000	100,000
008. Perry County Fiscal Court - North Perry Water - Extensions			
Restricted Funds	-0-	-0-	250,000
009. Perry County Fiscal Court - Perry County Fiscal Court			
Restricted Funds	-0-	220,000	300,000
010. Perry County Fiscal Court - Perry County Park - Improvements			
Restricted Funds	-0-	50,000	-0-
011. Perry County Fiscal Court - Perry County Schools - Supplies - Improvements			
Restricted Funds	-0-	200,000	200,000
012. Perry County Fiscal Court - Retire 2009 Lease Obligation for Road Projects			
Restricted Funds	-0-	2,000,000	-0-
013. Perry County Fiscal Court - South Perry Water - Extensions			
Restricted Funds	-0-	-0-	300,000
014. Perry County Fiscal Court - University College of the Mountains			
Restricted Funds	-0-	150,000	150,000
015. Perry County Fiscal Court - Vicco			
Restricted Funds	-0-	50,000	50,000

Pike County

001.	City of Coal Run Village - Infrastructure - Improvements			
	Restricted Funds	-0-	175,000	175,000
002.	City of Elkhorn City - Elkhorn City Housing			
	Restricted Funds	-0-	45,000	45,000
003.	City of Elkhorn City - Infrastructure - Improvements			
	Restricted Funds	-0-	50,000	50,000
004.	City of Elkhorn City - Water and Sewer Infrastructure			
	Restricted Funds	-0-	50,000	50,000
005.	City of Elkhorn City - Whitewater Project Design			
	Restricted Funds	-0-	-0-	40,000
006.	City of Pikeville - Infrastructure - Equipment - Project Planning			
	Restricted Funds	-0-	125,000	200,000
007.	City of Pikeville - Storm Water Separation Project			
	Restricted Funds	-0-	175,000	175,000
008.	City of Pikeville - Various Water and Sewer Projects			
	Restricted Funds	-0-	799,000	321,000
009.	Mountain Water District - Debt Service			
	Restricted Funds	-0-	375,000	375,000
010.	Mountain Water District - Majestic Alternative Sewer Project			
	Restricted Funds	-0-	592,000	592,000
011.	Mountain Water District - Tank and Pump Station Rehab			
	Restricted Funds	-0-	375,000	375,000
012.	Pike County Board of Education - Belfry High School - Pike Central High School - East Ridge High School - Phelps High School - Shelby Valley High School - Belfry Middle School - Instructional Equipment			
	Restricted Funds	-0-	280,000	-0-
013.	Pike County Board of Education - STEM Program			
	Restricted Funds	-0-	25,000	25,000
014.	Pike County Fiscal Court - Artist Collaborative Theater (ACT)			
	Restricted Funds	-0-	50,000	50,000
015.	Pike County Fiscal Court - Belfry Fire Department - South Williamson Station Construction - Building Project			
	Restricted Funds	-0-	100,000	100,000
016.	Pike County Fiscal Court - Big Creek Fire Department - Building Project			
	Restricted Funds	-0-	100,000	-0-
017.	Pike County Fiscal Court - Big Sandy Heritage Center - Improvements			
	Restricted Funds	-0-	25,000	-0-

018. Pike County Fiscal Court - Blackberry Senior Citizens - Building Project

Restricted Funds	-0-	30,000	-0-

019. Pike County Fiscal Court - Child Advocacy Center Property Acquisition and Debt Service

Restricted Funds	-0-	25,000	25,000

020. Pike County Fiscal Court - Dorton Building Project

Restricted Funds	-0-	100,000	-0-

021. Pike County Fiscal Court - Dorton Fire Department - Equipment Acquisition

Restricted Funds	-0-	-0-	50,000

022. Pike County Fiscal Court - East Kentucky Expo Center

Restricted Funds	-0-	200,000	200,000

023. Pike County Fiscal Court - Elkhorn City Fire Department - Equipment Acquisition

Restricted Funds	-0-	50,000	-0-

024. Pike County Fiscal Court - EQT Site Preparation

Restricted Funds	-0-	750,000	-0-

025. Pike County Fiscal Court - Ferrells Creek NHW Property Acquisition

Restricted Funds	-0-	50,000	-0-

026. Pike County Fiscal Court - Grapevine Volunteer Fire Department

Restricted Funds	-0-	-0-	50,000

027. Pike County Fiscal Court - Hatfield Fire Department - Equipment

Restricted Funds	-0-	50,000	-0-

028. Pike County Fiscal Court - HELP

Restricted Funds	-0-	25,000	25,000

029. Pike County Fiscal Court - IFLOWS Rain and Stream Gauges - Shelby Valley Watershed

Restricted Funds	-0-	-0-	30,000

030. Pike County Fiscal Court - Joes Creek Building Project

Restricted Funds	-0-	10,000	-0-

031. Pike County Fiscal Court - Kentucky HOPE

Restricted Funds	-0-	25,000	25,000

032. Pike County Fiscal Court - Kimper Building - Completion

Restricted Funds	-0-	100,000	-0-

033. Pike County Fiscal Court - Magisterial District Infrastructure

Restricted Funds	-0-	600,000	600,000

034. Pike County Fiscal Court - Marrowbone Senior Citizens - Vehicle Acquisition

Restricted Funds	-0-	30,000	-0-

035. Pike County Fiscal Court - Millard Fire Department - Equipment Acquisition

Restricted Funds	-0-	-0-	50,000

036. Pike County Fiscal Court - Mouthcard Building Project Completion

Restricted Funds	-0-	50,000	-0-

037. Pike County Fiscal Court - Phelps Fire Department - Equipment Acquisition

Restricted Funds	-0-	50,000	-0-

038. Pike County Fiscal Court - Phelps Road Department Building

Restricted Funds	-0-	100,000	-0-

039. Pike County Fiscal Court - Pike County Health Department - Colon Cancer Screening/Care

Restricted Funds	-0-	50,000	-0-

040. Pike County Fiscal Court - Pike County Housing Authority - Infrastructure

Restricted Funds	-0-	50,000	50,000

041. Pike County Fiscal Court - Pikeville HOPE

Restricted Funds	-0-	25,000	25,000

042. Pike County Fiscal Court - RAM Program

Restricted Funds	-0-	35,000	-0-

043. Pike County Fiscal Court - Senior Citizens Center Program - Equipment - Supplies

Restricted Funds	-0-	50,000	50,000

044. Pike County Fiscal Court - Shelby Creek Rescue Squad - Vehicle Acquisition

Restricted Funds	-0-	90,000	-0-

045. Pike County Fiscal Court - Shelby Valley Fire Department - Equipment Acquisition

Restricted Funds	-0-	25,000	25,000

046. Pike County Fiscal Court - Turkey Creek Fire Department - Truck Acquisition

Restricted Funds	-0-	-0-	50,000

047. Pike County Fiscal Court - Volunteer Fire Departments - Equipment - Supplies

Restricted Funds	-0-	50,000	50,000

048. Pike County Fiscal Court - WEB Based Warning/Notification System

Restricted Funds	-0-	10,000	-0-

049. Pikeville Independent Board of Education - Technology Acquisition

Restricted Funds	-0-	50,000	50,000

050. Pike County Fiscal Court - Blackberry Volunteer Fire Department - Fire Truck Acquisition

Restricted Funds	-0-	75,000	-0-

Pulaski County

001. Pulaski County Fiscal Court - Senior Citizens Center

Restricted Funds	-0-	133,840	62,626

Rockcastle County

001.	City of Brodhead - Brodhead Fire Department		
Restricted Funds	-0-	6,500	6,500
002.	City of Livingston - Livingston Fire Department		
Restricted Funds	-0-	6,500	6,500
003.	City of Mount Vernon - Kentucky Music Museum and Hall of Fame		
Restricted Funds	79,647	25,614	47,366
004.	City of Mount Vernon - Mt. Vernon Fire Department		
Restricted Funds	-0-	6,500	6,500
005.	Rockcastle County Fiscal Court - Brindle Ridge Fire Department		
Restricted Funds	-0-	6,500	6,500
006.	Rockcastle County Fiscal Court - Pongo Fire Department		
Restricted Funds	-0-	6,500	6,500
007.	Rockcastle County Fiscal Court - Rockcastle County Library - Book Mobile		
Restricted Funds	-0-	25,614	-0-
008.	Rockcastle County Fiscal Court - Rockcastle Fire Department - Rescue Squad		
Restricted Funds	-0-	6,500	6,500
009.	Rockcastle County Fiscal Court - Western Rockcastle Volunteer Fire Department		
Restricted Funds	-0-	6,500	6,500

Union County

001.	City of Sturgis - Water Treatment Plant - Water Intake Generator		
Restricted Funds	-0-	261,500	-0-
002.	City of Uniontown - Turner Community Center - Equipment - Upgrades		
Restricted Funds	-0-	100,000	-0-
003.	Union County Fiscal Court - Animal Shelter		
Restricted Funds	-0-	125,000	-0-
004.	Union County Fiscal Court - Emergency Management Services - Purchase Pump Truck		
Restricted Funds	-0-	450,000	-0-
005.	Union County Fiscal Court - Main Street Sewer - Lift Station - Upgrades		
Restricted Funds	-0-	25,000	-0-
006.	Union County Fiscal Court - Multi County Energy Initiative		
Restricted Funds	-0-	10,000	-0-
007.	Union County Fiscal Court - Repair Drainage In and Around Union County		
Restricted Funds	-0-	125,000	-0-
008.	Union County Fiscal Court - Senior Citizens Center - Youth Center - Sewer		

Plant Upgrades

Restricted Funds	-0-	150,000	-0-

009. Union County Fiscal Court - Sewer System - Old Providence Road - Generator

Restricted Funds	-0-	50,000	-0-

010. Union County Fiscal Court - Sewer System Lift Station - 15th Street - Generator

Restricted Funds	-0-	50,000	-0-

011. Union County Fiscal Court - Speculation Building Work

Restricted Funds	-0-	200,000	-0-

012. Union County Fiscal Court - Walking Bridge - Sewer System Generator - 13th Street

Restricted Funds	-0-	100,000	-0-

013. Union County Fiscal Court - YMCA - Construction - Remodeling - Equipment

Restricted Funds	-0-	200,000	-0-

Webster County

001. City of Clay - Fire Department Building - Improvements - Upgrades

Restricted Funds	-0-	-0-	150,000

002. City of Clay - Sewer Department - Expansion - Improvements

Restricted Funds	-0-	125,000	-0-

003. City of Clay - Water Department - Improvements

Restricted Funds	-0-	25,000	-0-

004. City of Dixon - Baker Park - Playground Equipment - Improvements

Restricted Funds	-0-	50,000	-0-

005. City of Dixon - Fire Department - Purchase Generator and Equipment

Restricted Funds	-0-	-0-	25,000

006. City of Dixon - Water Line Replacement - Main Lines to School

Restricted Funds	-0-	225,000	-0-

007. City of Providence - Debt Service - Water and Sewer Plants

Restricted Funds	-0-	330,000	-0-

008. City of Providence - Emergency Disaster Relief Building and Equipment

Restricted Funds	-0-	-0-	60,000

009. City of Providence - Sewer Line Improvements to Mitigate Water Infiltration

Restricted Funds	-0-	-0-	175,000

010. City of Sebree - Carhartt Building - Pump Station

Restricted Funds	-0-	75,000	-0-

011. City of Sebree - Match for Safe Schools Project

Restricted Funds	-0-	80,000	-0-
012. City of Sebree - Purchase Fire Truck			
Restricted Funds	-0-	200,000	-0-
013. City of Slaughters - Park Improvements			
Restricted Funds	-0-	50,000	-0-
014. City of Wheatcroft - Fire Department - Purchase Equipment and Generators			
Restricted Funds	-0-	-0-	20,000
015. Webster County Fiscal Court - Animal Shelter			
Restricted Funds	-0-	125,000	-0-
016. Webster County Fiscal Court - Blackford Fire Department - Equipment			
Restricted Funds	-0-	-0-	10,000
017. Webster County Fiscal Court - Fire Department - Ladder Truck Equipment			
Restricted Funds	-0-	40,000	-0-
018. Webster County Fiscal Court - Northwest Kentucky Energy Initiative			
Restricted Funds	-0-	10,000	-0-
019. Webster County Fiscal Court - Onton Fire Department - Equipment			
Restricted Funds	-0-	-0-	10,000
020. Webster County Fiscal Court - Poole Fire Department - Equipment			
Restricted Funds	-0-	-0-	10,000
021. Webster County Fiscal Court - Slaughters Fire Department - Equipment			
Restricted Funds	-0-	-0-	10,000
Whitley County			
001. City of Corbin - Ridgeport Point Water Line			
Restricted Funds	-0-	141,139	135,503
Wolfe County			
001. City of Campton - Campton City Park - Improvements			
Restricted Funds	-0-	10,000	10,000
002. City of Campton - Water Improvements			
Restricted Funds	-0-	80,000	20,000
003. City of Campton - Wolfe County Conservation District - Upgrades			
Restricted Funds	-0-	5,000	5,000
004. Wolfe County Board of Education - Athletic Department - Equipment			
Restricted Funds	-0-	25,000	-0-
005. Wolfe County Board of Education - Campton Elementary - Technology Improvements			
Restricted Funds	-0-	5,000	-0-
006. Wolfe County Board of Education - Red River Elementary School - Building Grounds - Technology Improvements - Various Other Expenses			

	Restricted Funds	-0-	20,000	-0-
007.	Wolfe County Board of Education - Rogers Elementary - Technology Improvements			
	Restricted Funds	-0-	5,000	-0-
008.	Wolfe County Board of Education - Safe Routes to School - Equipment - Upgrades			
	Restricted Funds	-0-	10,000	5,000
009.	Wolfe County Board of Education - Wolfe County High School - Technology Improvements			
	Restricted Funds	-0-	5,000	-0-
010.	Wolfe County Board of Education - Wolfe County Middle School - Technology Improvements			
	Restricted Funds	-0-	5,000	-0-
011.	Wolfe County Fiscal Court - Adult Education - Supplies			
	Restricted Funds	-0-	15,000	5,000
012.	Wolfe County Fiscal Court - Campton Fire Department - Equipment - Supplies			
	Restricted Funds	-0-	5,000	5,000
013.	Wolfe County Fiscal Court - Hazel Green/Lee City Fire Department - Equipment - Supplies			
	Restricted Funds	-0-	100,000	-0-
014.	Wolfe County Fiscal Court - Rehab Old Elementary School - Equipment - Supplies - Upgrades			
	Restricted Funds	-0-	-0-	20,000
015.	Wolfe County Fiscal Court - Sandy Ridge Road			
	Restricted Funds	-0-	10,000	10,000
016.	Wolfe County Fiscal Court - Senior Citizens Center - Enhancement			
	Restricted Funds	-0-	10,000	10,000
017.	Wolfe County Fiscal Court - Swift Silvermine Festival Committee - Improvements			
	Restricted Funds	-0-	5,000	5,000
018.	Wolfe County Fiscal Court - Veteran Enhancement - Upgrades			
	Restricted Funds	-0-	10,000	-0-
019.	Wolfe County Fiscal Court - Wolfe County Community Park - Improvements			
	Restricted Funds	-0-	50,000	50,000
020.	Wolfe County Fiscal Court - Wolfe County Search and Rescue - Equipment - Supplies			
	Restricted Funds	-0-	5,000	5,000

021. Wolfe County Fiscal Court - Wolfe County Sheriff's Department - Equipment

Restricted Funds	-0-	10,000	-0-

PART III

GENERAL PROVISIONS

1. Funds Designations: Restricted Funds designated in the biennial budget bills are classified in the state financial records and reports as the Agency Revenue Fund, State Enterprise Funds (State Parks, State Fair Board, Insurance Administration, and Kentucky Horse Park), Internal Services Funds (Fleet Management, Computer Services, Correctional Industries, Central Printing, Risk Management, and Property Management), and selected Fiduciary Funds (Other Expendable Trust Funds). Separate funds records and reports shall be maintained in a manner consistent with the branch budget bills.

The sources of Restricted Funds appropriations in this Act shall include all fees (which includes fees for room and board, athletics, and student activities) and rentals, admittances, sales, bond proceeds, licenses collected by law, gifts, subventions, contributions, income from investments, and other miscellaneous receipts produced or received by a budget unit, except as otherwise specifically provided, for the purposes, use, and benefit of the budget unit as authorized by law. Restricted Funds receipts shall be credited and allotted to the respective fund or account out of which a specified appropriation is made in this Act. All receipts of Restricted Funds shall be deposited in the State Treasury and credited to the proper account as provided in KRS Chapters 12, 42, 45, and 48.

The sources of Federal Funds appropriations in this Act shall include federal subventions, grants, contracts, or other Federal Funds received, income from investments, other miscellaneous federal receipts received by a budget unit, and the Unemployment Compensation Fund, except as otherwise provided, for the purposes, use, and benefit of the budget unit as authorized by law. Federal Funds receipts shall be credited and allotted to the respective fund account out of which a specified appropriation is made in this Act. All Federal Funds receipts shall be deposited in the State Treasury and credited to the proper account as provided in KRS Chapters 12, 42, 45, and 48.

2. Expenditure of Excess Restricted Funds or Federal Funds Receipts: If receipts received or credited to the Restricted Funds accounts or Federal Funds accounts of a budget unit during fiscal year 2010-2011 or fiscal year 2011-2012, and any balance forwarded to the credit of these same accounts from the previous fiscal year, exceed the appropriation made by specific sum for these accounts of the budget unit as provided in Part I, Operating Budget, of this Act, for the fiscal year in which the excess occurs, the excess funds in the accounts of the budget unit shall become available for expenditure for the purpose of the account during the fiscal year only upon compliance with the conditions and procedures specified in KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.730, and 48.800 of this Act, and with the authorization of the State Budget Director and approval of the Secretary of the Finance and Administration Cabinet.

Prior to authorizing the appropriation of any excess, unbudgeted Restricted Funds pursuant to this section, the State Budget Director and the Secretary of the Finance and Administration Cabinet shall review the adequacy of the General Fund Surplus Account with respect to its availability to support authorized expenditures from the General Fund Surplus Account, known as Necessary Government Expenses. In the event that General Fund Surplus Account moneys are determined by this review to be adequate to meet known or anticipated Necessary Government Expenses during fiscal year 2010-2011 or fiscal year 2011-2012, respectively, then the appropriation increase may be approved. In the event that the review indicates that there are insufficient funds available or reasonably estimated to become available to the General Fund Surplus Account to meet known or projected Necessary Government Expenses for the fiscal years enumerated above, the State Budget Director and the Secretary of the Finance and Administration Cabinet may disapprove the request for additional Restricted Funds expenditure authority and may direct the excess Restricted Funds identified to the General Fund Surplus Account in order to meet Necessary Government Expense obligations. The results of any review shall be reported to the Interim Joint Committee on Appropriations and Revenue in accordance with KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.730, and 48.800.

Any request made by a budget unit pursuant to KRS 48.630 that relates to Restricted Funds or Federal Funds shall include documentation showing a comparative statement of revised estimated receipts by fund source and the proposed expenditures by proposed use, with the appropriated sums specified in the Budget of the Commonwealth, and statements which explain the cause, source, and use for any variances which may exist.

Each budget unit shall submit its reports in print and electronic format consistent with the Restricted Funds and Federal Funds records contained in the fiscal biennium 2010-2012 Branch Budget Request Manual and according to the following schedule in each fiscal year: (a) On or before the beginning of each fiscal year; (b) On or before October 1; (c) On or before January 1; and (d) On or before April 1.

3. Interim Appropriation Increases: No appropriation from any fund source shall exceed the sum specified in this Act until the agency has documented the necessity, purpose, use, and source, and the documentation has been submitted to the Interim Joint Committee on Appropriations and Revenue for its review and action in accordance with KRS 48.630. Proposed revisions to an appropriation contained in the enacted State/Executive Budget or allotment of an unbudgeted appropriation shall conform to the conditions and procedures of KRS 48.630 and this Act.

Notwithstanding KRS 48.630(3), (4), and (5), any proposed and recommended actions to increase appropriations for funds specified in Section 2. of this Part shall be scheduled consistent with the timetable contained in that section in order to provide continuous and timely budget information.

4. Revision of Appropriation Allotments: Allotments within appropriated sums for the activities and purposes contained in the enacted State/Executive Budget shall conform to KRS 48.610 and may be revised pursuant to KRS 48.605 and this Act.

5. Appropriations Expenditure Purpose and Transfer Restrictions: Funds appropriated in this Act shall not be expended for any purpose not specifically authorized by the General Assembly in this Act nor shall funds appropriated in this Act be transferred to or between any cabinet, department, board, commission, institution, agency, or budget unit of state government unless specifically authorized by the General Assembly in this Act and the provisions of KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810. Compliance with the provisions of this section shall be reviewed and determined by the Interim Joint Committee on Appropriations and Revenue.

6. Permitted Appropriation Obligations: No state agency, cabinet, department, office, or program shall incur any obligation against the General Fund or Road Fund appropriations contained in this Act unless the obligation may be reasonably determined to have been contemplated in the enacted State/Executive Budget and is based upon supporting documentation considered by the General Assembly, legislative and executive records, and the statutory budget memorandum.

7. Lapse of General Fund or Road Fund Appropriations Supplanted by Federal Funds: Any General Fund or Road Fund appropriation made in anticipation of a lack, loss, or reduction of Federal Funds shall lapse to the General Fund or Road Fund Surplus Account, respectively, to the extent the Federal Funds otherwise become available.

8. Federally Funded Agencies: A state agency entitled to Federal Funds, which would represent 100 percent of the cost of a program, shall conform to KRS 48.730.

9. Lapse of General Fund or Road Fund Excess Debt Service Appropriations: Pursuant to KRS 48.720, any excess General Fund or Road Fund debt service shall lapse to the respective surplus account unless otherwise directed in this Act.

10. Statutes in Conflict: All statutes and portions of statutes in conflict with any of the provisions of this Act, to the extent of the conflict, are suspended unless otherwise provided by this Act.

11. Construction of Budget Provisions on Statutory Budget Administration Powers and Duties: Nothing in this Act is to be construed as amending or altering the provisions of Chapters 42, 45, and 48 of the Kentucky Revised Statutes pertaining to the duties and powers of the Secretary of the Finance and Administration Cabinet except as otherwise provided in this Act.

12. Interpretation of Appropriations: All questions that arise in interpreting any appropriation in this Act as to the purpose or manner for which the appropriation may be expended shall be decided by the Secretary of the Finance and Administration Cabinet pursuant to KRS 48.500, and the decision of the Secretary of the Finance and Administration Cabinet shall be final and conclusive.

13. Publication of the Budget of the Commonwealth: The State Budget Director shall cause the Governor's Office for Policy and Management, within 60 days of adjournment of the 2010 First Extraordinary Session of the General Assembly, to publish a final enacted budget document, styled the Budget of the Commonwealth, based upon the Legislative Budget, State/Executive Budget, and Judicial Budget as enacted by the 2010 Regular or Extraordinary Sessions, as well as other Acts which contain appropriation provisions for the 2010-2012 fiscal biennium, and based upon supporting documentation and legislative records as considered by the 2010 Regular or Extraordinary Sessions, and the statutory budget memorandum. This document shall include, for each agency and budget unit, a consolidated budget summary statement of available regular and continuing appropriated revenue by

fund source, corresponding appropriation allocations by program or subprogram as appropriate, budget expenditures by principal budget class and for the State/Executive Budget, and any other fiscal data and commentary considered necessary for budget execution by the Governor's Office for Policy and Management and oversight by the Interim Joint Committee on Appropriations and Revenue. The enacted State/Executive Budget shall be revised or adjusted only upon approval by the Governor's Office for Policy and Management as provided in each Part of this Act and by KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810, and upon review by the Interim Joint Committee on Appropriations and Revenue.

14. State Financial Condition: Pursuant to KRS 48.400, the State Budget Director shall monitor and report on the financial condition of the Commonwealth.

15. Prorating Administrative Costs: The Secretary of the Finance and Administration Cabinet is authorized to establish a system or formula or a combination of both for prorating the administrative costs of the Finance and Administration Cabinet, the Department of the Treasury, and the Office of the Attorney General relative to the administration of programs in which there is joint participation by the state and federal governments for the purpose of receiving the maximum amount of participation permitted under the appropriate federal laws and regulations governing the programs. The receipts and allotments under this section shall be reported to the Interim Joint Committee on Appropriations and Revenue prior to any transfer of funds.

16. Construction of Budget Provisions Regarding Executive Reorganization Orders: Nothing in this Act shall be construed to confirm or ratify, under KRS 12.027 or 12.028, any executive reorganization order unless the executive order was confirmed or ratified by appropriate amendment to the Kentucky Revised Statutes in another Act of the 2010 Regular Session of the General Assembly. If any executive reorganization order issued from sine die adjournment of the 2009 Regular Session to sine die adjournment of the 2010 Regular Session was not confirmed by the 2010 Regular Session of the General Assembly, the Secretary of the Finance and Administration Cabinet shall, in consultation with agency heads and with notification to the Legislative Research Commission, transfer the balance of funds for any affected program or function for fiscal year 2009-2010 and any related appropriations and funds for each of the next two fiscal years from the budget unit in which the program or function was placed by the executive reorganization order to the budget unit in which the program or function resided prior to the reorganization action or in which it was placed by action of the 2010 Regular Session of the General Assembly.

17. Budget Planning Report: By August 15, 2011, the State Budget Director, in conjunction with the Consensus Forecasting Group, shall provide to each branch of government, pursuant to KRS 48.120, a budget planning report.

18. Tax Expenditure Revenue Loss Estimates: By October 15, 2011, the Office of State Budget Director shall provide to each branch of government detailed estimates for the General Fund and Road Fund for the current and next two fiscal years of the revenue loss affected by tax expenditures. The Department of Revenue shall provide assistance and furnish data which is not restricted by KRS 131.190. "Tax expenditure" as used in this section means an exemption, exclusion, or deduction from the base of a tax, a credit against the tax, a deferral of a tax, or a preferential tax rate. The estimates shall include for each tax expenditure the amount of revenue loss, a citation of the legal authority for the tax expenditure, the year in which it was enacted, and the tax year in which it became effective.

19. Duplicate Appropriations: Any appropriation item and sum in Parts I to X of this Act and in an appropriation provision in any Act of the 2010 Regular Session which constitutes a duplicate appropriation shall be governed by KRS 48.312.

20. Priority of Individual Appropriations: KRS 48.313 shall control when a total or subtotal figure in this Act conflicts with the sum of the appropriations of which it consists.

21. Severability of Budget Provisions: Appropriation items and sums in Parts I to X of this Act shall conform to KRS 48.311. If any section, any subsection, or any provision is found by a court of competent jurisdiction in a final, unappealable order to be invalid or unconstitutional, the decision of the courts shall not affect or impair any of the remaining sections, subsections, or provisions.

22. Unclaimed Lottery Prize Money: For fiscal year 2010-2011 and fiscal year 2011-2012, all unclaimed lottery prize money under KRS 154A.110(3) shall be credited to the Kentucky Educational Excellence Scholarship Reserve Account to be held as a subsidiary account within the Finance and Administration Cabinet for the purpose of funding the KEES Program as appropriated in this Act. If the Kentucky Higher Education Assistance Authority certifies to the State Budget Director that the appropriations in this Act for the KEES Program under the existing award schedule are insufficient to meet funds required for eligible applicants, then the State Budget Director shall provide the necessary allotment of funds in the balance of the KEES Reserve Account to fund the KEES Program.

Actions taken under this section shall be reported to the Interim Joint Committee on Appropriations and Revenue on a timely basis.

23. Workers' Compensation: Notwithstanding KRS 342.340(1) or any other provision of law, public sector self-insured employers are not required to deposit funds as security, indemnity, or bond to secure the payment of compensation liabilities, provided that each public sector employer has the authority to impose taxes or raise tuition in an amount sufficient to recoup payments of compensation liabilities as they are incurred. Notwithstanding KRS 342.340(1) and 803 KAR 25:021, sec. 5, the Personnel Cabinet shall be exempt from procuring excess risk insurance in fiscal year 2010-2011 and fiscal year 2011-2012 for the Workers' Compensation Benefits and Reserve program administered by the Cabinet.

24. Undesignated General Fund and Road Fund Carry Forward: Notwithstanding KRS 48.700 and 48.705 and other Parts of this Act, the Secretary of the Finance and Administration Cabinet shall determine and certify, within 30 days of the close of fiscal year 2009-2010 and fiscal year 2010-2011, the actual amount of undesignated balance of the General Fund and the Road Fund for the year just ended. The amounts from the undesignated fiscal year 2009-2010 and fiscal year 2010-2011 General Fund and Road Fund balances that are designated and carried forward for budgeted purposes in the 2010-2012 fiscal biennium shall be determined by the State Budget Director during the close of the respective fiscal year and shall be reported to the Interim Joint Committee on Appropriations and Revenue within 30 days of the close of the fiscal year. The General Fund undesignated balance in excess of the amount designated for budgeted purposes under this section shall be made available for the General Fund Surplus Expenditure Plan contained in Part VII of this Act unless otherwise provided in this Act. The Road Fund undesignated balance in excess of the amount designated for budgeted purposes under this section shall be made available for the Road Fund Surplus Expenditure Plan contained in Part IX of this Act unless otherwise provided in this Act.

25. Adoption of Budget Reduction: Notwithstanding KRS 48.130 and 48.600, the General Assembly adopts and enacts the revised General Fund appropriation levels for the budget units of the Executive Branch identified in General Fund Budget Reduction Order 09-01, General Fund Budget Reduction Order 09-02, General Fund Budget Reduction Order 10-01, and General Fund Budget Reduction Order 10-02 and enacts the transfers to the General Fund of non-General Fund moneys identified in General Fund Budget Reduction Order 10-02. Notwithstanding KRS 48.130 and 48.600, the General Assembly adopts and enacts the revised Road Fund appropriation levels for the budget units of the Executive Branch identified in Road Fund Budget Reduction Order 09-01, Road Fund Budget Reduction Order 09-02, and Road Fund Budget Reduction Order 10-01 as modified by Road Fund Budget Order 10-02.

26. General Fund Expenditure Reductions: The Governor shall reduce General Fund expenditures appropriated in this Act ~~[by $43,100,000]~~ *(Veto Item #14)* in fiscal year 2010-2011 and ~~[by $71,000,000]~~ *(Veto Item #14)* in fiscal year 2011-2012. This reduction shall be achieved in part but not limited to the following measures: a review of state contracts, including master agreements and personal services contracts, a coordination of information technology to include procurement and implementation practices, a review of improved management and utilization of fleet vehicles, the identification and sale of surplus assets including real property, and a review of leased space. The State Budget Director with the recommendation from the Secretary of the Finance and Administration Cabinet shall utilize the information from these reviews and associated actions to determine the amount of General Fund expenditure reductions per year that can be obtained from each budget unit of the Executive Branch. The State Budget Director is authorized to withhold General Fund allotments associated with the determined General Fund expenditure reductions. The State Budget Director shall provide a quarterly report to the Interim Joint Committee on Appropriations and Revenue outlining the actions taken or planned pursuant to this section. Notwithstanding any statute or administrative regulation to the contrary, Restricted Funds savings may be transferred to the General Fund.

27. Reallocation of Appropriations Among Budget Units: The Executive Branch shall operate within the appropriations authorized in this Act and the Appropriations Act for the Transportation Cabinet for each budget unit as prescribed by KRS 48.400 to 48.730, subject to the conditions and procedures stated in this section or other Parts of this Act.

The Secretary of a Cabinet, the Commissioner of the Department of Education, and other agency heads may request a revision or reallocation among budget units under their administrative authority of up to ten percent of General Fund or Restricted Funds appropriations contained in Part I, Operating Budget, of this Act for fiscal year 2010-2011 and fiscal year 2011-2012 for approval by the State Budget Director. No request shall relate to moneys in a fiduciary fund account unless the account is affected by a reorganization order promulgated under KRS 12.027. A request shall explain the need and use for the transfer authority under this section.

The amount of transfer of General Fund and Restricted Funds appropriations shall be separately recorded and reported in the system of financial accounts and reports provided in KRS Chapter 45.

The State Budget Director shall report a revision or transfer made under this section, in writing, to the Interim Joint Committee on Appropriations and Revenue at least 30 days prior to the proposed transfer. The Committee shall review the transfer in the same manner and procedure as provided for an interim unbudgeted appropriation action under KRS 48.630.

28. Lottery Dividends: KRS 154A.130(1) establishes the intent of the General Assembly that it shall be the goal of the Kentucky Lottery Corporation to transfer each year 35 percent of gross revenues to the General Fund. In fiscal year 2010-2011 and fiscal year 2011-2012, the Kentucky Lottery Corporation shall remit no less than 28 percent of gross revenues each year to the General Fund.

Notwithstanding KRS 154A.130(3) and (4), 78 percent of the 28 percent remitted to the General Fund in fiscal year 2010-2011 and fiscal year 2011-2012 shall be distributed according to the provisions set out in KRS 154A.130(3) and (4) to support higher education scholarship programs. The remaining 22 percent of the 28 percent remitted to the General Fund shall remain in the General Fund to be used to support restoration of higher education funds.

29. Road Fund Resources: The Transportation Cabinet may use Road Fund resources for the purpose of maintenance or construction of public runways, parking lots, pedways, or other transportation infrastructures which are connected to a roadway and can be traversed by a vehicle.

30. Fiscal Year 2011-2012 Funds Expenditure Restriction: Except in the case of a declared emergency, the Governor, all agency heads, and all other constitutional officers shall not expend or encumber in the aggregate more than 55 percent of the funds appropriated by this Act during the first half of fiscal year 2011-2012.

31. Civil War Reenactors: Notwithstanding KRS 38.440, Civil War reenactors may associate, drill, and parade with firearms and/or swords without permission from the Governor before, during, and after Civil War reenactments and events.

32. Budget Implementation: The General Assembly directs that the Executive Branch shall carry out all appropriations and budgetary language provisions as contained in the State/Executive Budget. The Legislative Research Commission shall review quarterly expenditure data to determine if an agency is out of compliance with this directive. If the Legislative Research Commission suspects that any entity has acted in non-conformity with this section, the Legislative Research Commission may order an audit or review at the agency's expense. Such audit findings, reviews, and reports shall be subject to the Kentucky Open Records law.

33. Information Technology: All authorized computer information technology projects shall submit a semiannual progress report to the Interim Joint Committee on Appropriations and Revenue. The reporting process shall begin six months after the project is authorized and shall continue through completion of the project. The initial report shall establish a timeline for completion and cash disbursement schedule. Each subsequent report shall update the timeline and budgetary status of the project and explain in detail any issues with completion date and funding.

34. Equipment Service Contracts and Energy Efficiency Measures: The General Assembly mandates that the Finance and Administration Cabinet review all equipment service contracts to maximize savings to the Commonwealth and to strictly adhere to the provisions of KRS 56.772, 56.782, and 56.784 in maximizing the use of energy efficiency measures.

35. Sale of Abandoned Property by Finance and Administration Cabinet: Notwithstanding KRS 393.125, unclaimed securities held by the Department of the Treasury may be sold with the receipts, net of estimated claims to be paid, available for appropriation to the General Fund during the 2010-2012 biennium. The Secretary of the Finance and Administration Cabinet shall determine when to initiate the sale of securities based on the market structure and the financial status of the Commonwealth at the time.

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

37. Proceeds from Sale of Surplus Property: Notwithstanding KRS 45.777, the proceeds from the sale of major items of equipment or real property shall be deposited into the General Fund unless federal funding restraints require otherwise. This provision shall not apply to the sale of real property held as right-of-way and the sale of equipment by the Transportation Cabinet.

38. Kentucky Wine and Vine Fest: The Kentucky Wine and Vine Fest of Nicholasville, Kentucky, is named and designated as the official state wine festival.

39. Non-Merit Employee Reductions: The Governor shall reduce a sufficient number of non-merit employees to achieve ~~[$10,000,000]~~ *(Veto Item #14)* of savings in fiscal year 2010-2011 and ~~[$10,000,000]~~ *(Veto Item #14)* of savings in fiscal year 2011-2012. ~~[The Governor shall not reduce any non-merit employees from the offices of the Secretary of State, the Attorney General, the Treasurer, the Commissioner of Agriculture, the Auditor of Public Accounts, the Commonwealth's Attorneys, the County Attorneys, and Kentucky Educational Television.]~~ *(Veto Item #14)* Notwithstanding any statute or administrative regulation to the contrary, Restricted Funds savings may be transferred to the General Fund.

40. Reduction of Contract Expenditures: The Governor shall reduce General Fund and Restricted Funds contract expenditures ~~[by $77,900,000]~~ *(Veto Item #14)* in fiscal year 2010-2011 and ~~[by $87,900,000]~~ *(Veto Item #14)* in fiscal year 2011-2012. To achieve the reduction in contract expenditures, the Finance and Administration Cabinet shall:

(a) Rebid or renegotiate contracts where current economic conditions have reduced the cost of the services, goods, or commodities at issue;

(b) Review vendor performance to identify and control cost overruns and underperformance of contractual terms, and maintain an updated list of such contracts;

(c) Monitor and document contract performance and oversight in a readily reviewable format;

(d) Implement billing standards to allow meaningful auditing of personal service contracts;

(e) Reduce legal services contracts by requiring utilization of in-house counsel;

(f) Document cost overruns in all monitored information technology (IT) contracts and develop written evaluations of their effectiveness;

(g) Reduce sole source contracts to promote savings through the competitive bidding process; and

(h) Reduce modifications to contracts that result in cost increases.

Notwithstanding any statute or administrative regulation to the contrary, Restricted Funds savings may be transferred to the General Fund. No reductions to contracts shall be made in instances where the contractual agreements stipulate that the payments are used to pay required debt service obligations.

The Finance and Administration Cabinet shall report to the Legislative Research Commission no later than December 1, 2010, the efficiencies achieved in contract expenditures.

~~[**41. Debt Service:** Any General Fund moneys appropriated for debt service that is not expended specifically for debt service shall be transferred to the Budget Reserve Trust Fund Account (KRS 48.705). Any debt service savings derived from debt refinancing or debt restructuring may be used to achieve the stated efficiency measures.]~~ *(Veto Item #15)*

PART IV

STATE SALARY/COMPENSATION, BENEFIT, AND EMPLOYMENT POLICY

1. Authorized Personnel Complement: On July 1, 2010, the Personnel Cabinet and the Office of State Budget Director shall establish a record for each budget unit of authorized permanent full-time and other positions based upon the enacted State/Executive Budget of the Commonwealth and any adjustments authorized by provisions in this Act. The total number of filled permanent full-time and all other positions shall not exceed the authorized complements pursuant to this section. An agency head may request an increase in the number of authorized positions to the State Budget Director. Upon approval, the Secretary of the Personnel Cabinet may authorize the employment of individuals in addition to the authorized complement. A report of the actions authorized in this section shall be provided to the Interim Joint Committee on Appropriations and Revenue on a monthly basis.

2. Salary Adjustments: Notwithstanding KRS 18A.355, no increment is provided in both fiscal year 2010-2011 and fiscal year 2011-2012 on the base salary or wages of each eligible state employee on their anniversary date.

3. Issuance of Employee Paychecks: Notwithstanding any statute or administrative regulation to the contrary, the state payroll that would normally be scheduled to be paid on June 30, 2012, shall not be issued prior to July 1, 2012. The associated cost of this payroll shall be paid from fiscal year 2012-2013 resources. The Governor and the Secretary of the Finance and Administration Cabinet shall have the authority to transfer any Restricted Funds, that become excess as the result of this action, to the General Fund.

4. Monthly Per Employee Health Insurance Benefits Assessment: The Personnel Cabinet shall collect a benefits assessment per month per employee eligible for health insurance coverage in the state group for duly authorized use by the Personnel Cabinet in administering its statutory and administrative responsibilities, including but not limited to administration of the Commonwealth's health insurance program.

5. Employee Cross Reference: The Personnel Cabinet shall permit married couples who are both eligible to participate in the state health insurance plan to be covered under one couple or family tier health benefit plan.

6. Salary and Compensation Fund Distribution: The State Budget Director shall determine the amount of funds from the appropriation in Part I, J., 4., of this Act that is necessary for each budget unit to implement the employer contribution rates for retirement as set out in Section 10 of this Part. The State Budget Director shall determine the amount of funds from the appropriation in Part I, J., 4., of this Act that is necessary for each budget unit to pay the increased costs of health insurance. The State Salary and Compensation Fund shall be supplemented by Restricted Funds, Federal Funds, the Road Fund, and other General Fund amounts otherwise appropriated to state agencies. The amount of moneys transferred from the State Salary and Compensation Fund to state agencies shall not exceed the additional General Fund cost of the enacted employer retirement contribution rates and the additional General Fund cost of increased health insurance. The State Budget Director shall report distributions from the State Salary and Compensation Fund to the Interim Joint Committee on Appropriations and Revenue.

[~~**7. Close of Plan Years and Transfer of Funds:** Notwithstanding KRS 18A.2254, Plan Years 2006 and 2007 of the Public Employee Health Insurance Trust Fund shall be closed at the end of the day December 31, 2010, and any further receipts or disbursements attributable to those Plan Years shall be accounted for in a current Plan Year as a current year activity. Beginning January 1, 2011, the remaining balances attributable to Plan Years 2006 and 2007 shall be combined and transferred as provided below:~~

~~(a) The first $12,500,000 shall be transferred and credited to Plan Year 2011, and held in that account until the end of the day December 31, 2011. Beginning January 1, 2012, $11,000,000 plus any income earned on that amount during Plan Year 2011 shall be transferred and credited to Plan Year 2012; and~~

~~(b) All funds in excess of $12,500,000, shall be transferred and credited to Plan Year 2011 until the end of the day December 31, 2011, and shall be utilized to cover the cost of any claims arising in Plan Year 2011 attributable to Plan Year 2006 or Plan Year 2007. Beginning January 1, 2012, the amount not required to satisfy Plan Year 2006 or Plan Year 2007, plus all income earned on that amount, shall be transferred and credited to Plan Year 2012.~~

~~**8. Transfer of Funds Between Plan Years:** Notwithstanding KRS 18A.2254, the Secretary of the Finance and Administration Cabinet and the Secretary of the Personnel Cabinet shall not transfer any of the Public Employee Health Insurance Trust Fund moneys from one Plan Year to another, except as directed by Section 7 of this Part or as provided in this section. This section shall apply retroactively and any transfer made after March 1, 2010, shall be reversed.~~

~~The Secretary of the Finance and Administration Cabinet and the Secretary of the Personnel Cabinet are authorized to transfer excess funds from Plan Year 2011 to Plan Year 2012 on a quarterly basis provided adequate funds are retained in Plan Year 2011 to satisfy all submitted and projected claims or expenses of Plan Year 2011. Prior to the transfer of any funds from Plan Year 2011 to Plan Year 2012, the Legislative Research Commission shall be given written notice.~~

~~**9. Public Employee Health Coverage Program:** Notwithstanding KRS 18A.2254, 18A.2255, and 18A.226, to the extent of any conflict, the state's self-insured public employee health coverage program for January 1, 2011, through December 31, 2012, shall consist of a Base Employer Provided Plan. If the Personnel Cabinet determines it is in the best interest of employees and employers, a high deductible plan with a Health Savings Account and additional Preferred Provider Organization (PPO), Point of Service (POS), or other type of plans may be provided. Any additional plans shall be designed in a manner that shall have no negative actuarial effect on the Public Employee Health Insurance Trust Fund. Further, any additional plans shall have an employer contribution rate that does not exceed the rate established in this section for the Base Employer Provided Plan for all coverage tiers. If any~~

~~additional plans are provided and their cost exceed the Base Employer Provided Plan, then any employee who selects one of those plans must agree to pay the additional cost.~~

~~**(a) Core Benefits for In-Network Coverage:** The following core benefits for In-Network coverage shall be provided by the Base Employer Provided Plan:~~

~~Base Employer Provided Plan~~

~~Benefit Description Coverage Level~~

~~Annual Deductible.....$500/$1,500~~

~~Co-Insurance.....Plan 80%/Member 20%~~

~~Maximum Out-of-Pocket.....$2,500/$4,000~~

~~Doctor Office Visits.....Deductible then 20%~~

~~Emergency Room~~

~~(without admission) .....$50 after Deductible~~

~~Urgent Care.....Deductible then 20%~~

~~Prescriptions~~

~~(30 day supply).....20%~~

~~Tier I.....Minimum $10 - Maximum $25~~

~~Tier 2.....Minimum $20 - Maximum $50~~

~~Tier 3.....Minimum $35 - Maximum $100~~

~~**(b) Core Benefits for Out-of-Network Coverage:** The core benefits for Out-of-Network coverage shall be determined by the Personnel Cabinet.~~

~~**(c) Other Benefits and Coverage Levels:** The Personnel Cabinet shall determine other benefits and coverage levels to be included in all plans.~~

~~**(d) Monthly Premium Allotments for Nonsmokers:** Each employer participating in the state's self-insured public employee health coverage program shall be responsible for providing the nonsmoking monthly premium allotment listed below for each eligible participating employee or member depending on the tier of coverage selected by the employee during open enrollment or as a result of a qualifying event. Two married, eligible employees or participating members from the same or different participating employers shall each be permitted to utilize the cross-reference allotment to combine for the purchase of a couple or family tier plan.~~

~~Base Employer Provided Plan~~

~~Nonsmoker Plan Year 2011 Plan Year 2012~~

~~Single~~

~~Employer.....590.00.....601.80~~

~~Employee.....0.00.....0.00~~

~~Parent Plus~~

~~Employer.....742.00.....756.84~~

~~Employee.....8.70.....8.87~~

~~Couple~~

~~Employer.....894.00.....911.88~~

~~Employee.....296.29.....302.22~~

~~Family~~

~~Employer.....955.00.....974.10~~

~~Employee.....302.86.....308.92~~

~~Cross Reference~~

~~Employer (for each employee).....up to 675.00.....up to 675.00~~

~~Employee.....Additional Cost.....Additional Cost~~

~~of Plan Selected of Plan Selected~~

~~**(e) Monthly Premium Allotments for Smokers:** The Personnel Cabinet shall determine the monthly premium allotment for employees or dependents who use tobacco, based on a standard percentage or dollar increase from the monthly allotment rates established in subsection (d) of this section.]~~ *(Veto Item #16)*

(f) Waiver of Coverage: An eligible employee who waives coverage under the ~~[Base Employer Provided Plan and all other]~~ *(Veto Item #16)* employer sponsored plans shall have an amount, determined by the Personnel Cabinet, up to $175 per month deposited in a Health Reimbursement Account for the employee.

~~[**(g) Pilot Wellness Program:** The Personnel Cabinet shall develop and implement a voluntary Pilot Wellness Program, without charge to the participants, by January 1, 2011, that shall provide the employee with a reduction in premiums, a contribution to a Health Reimbursement Account, a reduction in the maximum out-of-pocket expense, a cash award, additional paid leave, or any combination thereof, if the employee enrolls and continues to meet the requirements of the program. Such a program, at a minimum, shall also provide incentives for smoking cessation, weight loss, diabetes management, hypertension management, or asthma management. Notwithstanding KRS 18A.2254, $1,500,000 in fiscal year 2010-2011 and $3,000,000 in fiscal year 2011-2012 shall be made available from the funds of closed prior plan years to provide incentives for this program. The Cabinet shall provide a report of the benefit of the program to the Public Employee Health Insurance Trust Fund and a recommendation concerning the potential benefit of continuance and expansion of the program by January 1, 2012, to the Legislative Research Commission.]~~ *(Veto Item #16)*

(h) Report of the Group Health Insurance Board: Notwithstanding KRS 18A.226(5)(b) and (c), the report of the Kentucky Group Health Insurance Board shall be submitted to the Governor, the Legislative Research Commission, and the Chief Justice of the Supreme Court by December 15th of each calendar year.

10. Employer Retirement Contribution Rates: Notwithstanding KRS 61.565 and 61.702, and in accordance with a request made by the Kentucky Retirement Systems in a letter to the Legislative Research Commission Deputy Director for Budget Review dated February 2, 2010, the employer contribution rates for the Kentucky Employees Retirement Systems from July 1, 2010, through June 30, 2011, shall be 16.98 percent, consisting of 9.58 percent for pension and 7.40 percent for insurance, for nonhazardous duty employees and 26.12 percent, consisting of 10.72 percent for pension and 15.40 percent for insurance, for hazardous duty employees; for the same period the employer contribution for employees of the State Police Retirement System shall be 45.54 percent, consisting of 21.44 percent for pension and 24.10 percent for insurance. Notwithstanding KRS 61.565 and 61.702, and in accordance with a request made by the Kentucky Retirement Systems as referenced above, the employer contribution rates for the Kentucky Employees Retirement Systems from July 1, 2011, through June 30, 2012, shall be 19.82 percent, consisting of 11.59 percent for pension and 8.23 percent for insurance, for nonhazardous duty employees and 28.98 percent, consisting of 12.33 percent for pension and 16.65 percent for insurance, for hazardous duty employees; for the same period the employer contribution for employees of the State Police Retirement System shall be 52.13 percent, consisting of 26.55 percent for pension and 25.58 percent for insurance.

11. Furlough of State Employees: In response to requests by the Executive Branch for maximum flexibility in regard to personnel matters, the following authority is provided relating to the furlough of state employees. Further, it is the intent of the General Assembly that this authority is only provided to prevent a permanent layoff of state employees in areas of critical services to the citizens of the Commonwealth. Notwithstanding any statute to the contrary, the following process and procedure is established for July 1, 2010, through June 30, 2012, in the event that the fiscal situation of the Commonwealth requires that the Executive Branch place employees on furlough:

(a) For the purposes of this section:

1. "Appointing Authority" means "Appointing authority" as defined in KRS 18A.005(1) and 151B.010(1). In relation to KRS Chapter 16, "Appointing Authority" means the Commissioner of the Department of Kentucky State Police;

2. "Secretary" means the Secretary of the Personnel Cabinet as provided for in KRS 18A.115;

3. "Furlough" or "reduction in hours" means the temporary reduction of hours an employee is scheduled to work by the Appointing Authority within a pay period; and

4. "Lack of funds" means a current or projected deficiency of funding to maintain current or projected levels of staffing and operations of state government in a fiscal year;

(b) Notwithstanding any other provision of law, the Secretary, with the approval of the Governor, may develop, in conjunction with the Appointing Authorities and the Kentucky Technical Education Personnel Board, and implement a furlough plan for all state Executive Branch employees~~[who occupy positions that are not 100 percent federally funded]~~, *(Veto Item #17)* based on a lack of funds as certified by the State Budget Director;

(c) The furlough plan developed and implemented by the Secretary shall include:

1. A provision that shall place all employees, merit and non-merit, classified and non-classified, on furlough for the same number of hours during a calendar month;

2. The temporary closing of state offices, wherever possible to achieve the maximum operational savings for state government;

3. A provision to work with Appointing Authorities that have 24 hour, seven day a week operations to place employees of those facilities on furlough for the specified number of hours during the affected pay period as all other employees;

4. A provision that would allow for the exemption of employees in specific job classifications directly responsible for the care or safety of inmates or residents in 24 hour correctional, juvenile justice, or mental health facilities, as requested and certified by the Secretary of the Justice and Public Safety Cabinet or the Secretary of the Cabinet for Health and Family Services and as approved by the Secretary of the Personnel Cabinet;

5. A provision that would allow for the exemption of specific classifications of uniformed law enforcement officers or trainees that are required to protect the lives and safety of the citizens of the Commonwealth, as certified by the Commissioner of State Police and as approved by the Secretary of the Personnel Cabinet;

6. A provision that would prohibit any contract employee, or otherwise non-state employee, who is compensated on an hourly basis, from performing similar services during the time that a state employee in the work unit for which the contract applies is placed on furlough;

7. A provision that no employee covered by the merit system shall be placed on furlough for more than 20 percent of his or her scheduled work hours in any one work week or for more than 24 work hours in a six month calendar period;

8. A provision that allows the Appointing Authority to place non-merit policy-making employees employed under the provisions of KRS 18A.115(1)(d), (e), (f), (g), (h), or (i) on furlough for more hours than specified in paragraph 7. of this subsection; and

9. Notice to the employee of the furlough by the Appointing Authority at least seven days prior to the date of the furlough;

(d) A furlough implemented in accordance with this section shall not be considered a penalization of the employee for the purposes of KRS Chapters 16, 18A, and 151B, and shall not be appealable to the State Personnel Board, the Kentucky Technical Education Personnel Board, or the Department of Kentucky State Police Personnel Board;

(e) The hours an employee is placed on furlough during a pay period shall not result in the loss of eligibility for any benefit otherwise due the employee;

(f) An employee covered by the provisions of KRS Chapter 16, 18A, or 151B, may voluntarily request to be placed on furlough for more hours in a six month period than provided for in subsection (c) of this section, provided such a request is submitted in writing on a form prescribed by the Secretary of the Personnel Cabinet and approved by the Appointing Authority prior to the effective date of the voluntary furlough; and

(g) The Secretary shall promulgate an administration regulation to implement a furlough program, as specified by this section, prior to the implementation of any furlough of state employees.

PART V

FUNDS TRANSFER

The General Assembly finds that the financial condition of state government requires the following action.

Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2009-2010, fiscal year 2010-2011, and fiscal year 2011-2012:

	2009-10	2010-11	2011-12
A. GENERAL GOVERNMENT			
1. Department for Local Government			
Expendable Trust Fund	-0-	1,500,000	1,500,000
(KRS 42.4582)			
2. Local Government Economic Development Fund			
Multi-County Fund - Debt			
Service	-0-	6,480,900	5,778,500
(KRS 42.4588)			
3. Secretary of State			
Agency Revenue Fund	-0-	800,000	800,000
(KRS 14.140)			
B. ECONOMIC DEVELOPMENT CABINET			
1. Financial Incentives			
Other Special Revenue Fund	-0-	460,000	460,000

Balances remaining in the Special Revenue Fund accounts after all appropriations authorized in this Act shall lapse to the General Fund Surplus Account at the end of each fiscal year.

C. ENERGY AND ENVIRONMENT CABINET			
1. Secretary			
Kentucky Heritage Land			
Conservation Fund	-0-	-0-	15,000,000
(KRS 146.570)			

A $15,000,000 capital appropriation from bond funds in Part II, Capital Projects Budget, of this Act will be used to replace this transfer of funds to the General Fund.

2. Secretary			
Kentucky Pride Trust Fund	-0-	2,006,300	2,006,300

Pursuant to KRS 224.43-505(2)(a)3., these fund transfers to the General Fund support the General Fund debt service on the bonds sold as appropriated by 2003 Ky. Acts ch. 156, Part II, A., 3., c..

3. Environmental Protection			
Insurance Administration Fund	-0-	42,500,000	42,500,000

(KRS 224.60-130, 224.60-140, 224.60-145, and 224.60-150)

A $50,000,000 capital appropriation from bond funds in Part II, Capital Projects Budget, of this Act will be used to partially replace this transfer of funds to the General Fund.

D. FINANCE AND ADMINISTRATION CABINET

1.	**General Administration**			
	Fleet Management Fund	4,793,000	3,000,000	12,000,000
2.	**Controller**			
	KEES Reserve Trust Fund	-0-	5,000,000	2,500,000
3.	**Facilities and Support Services**			
	Capital Projects Fund	-0-	700,000	-0-
4.	**Finance and Administration**			
	Capital Construction			
	Investment Income	-0-	10,250,000	10,250,000

E. HEALTH AND FAMILY SERVICES CABINET

1.	**General Administration and Program Support**			
	Malt Beverage Education Fund	-0-	450,000	450,000

F. JUSTICE AND PUBLIC SAFETY CABINET

1.	**State Police**			
	Agency Revenue Fund	-0-	266,000	-0-
	(KRS 189A.050(3))			
2.	**State Police**			
	Agency Revenue Fund	-0-	714,000	-0-
	(KRS 160.151)			

G. PERSONNEL CABINET

1.	**General Operations**			
	General Operations Special			
	Project Account	-0-	2,879,000	2,879,000

H. POSTSECONDARY EDUCATION

1.	**Kentucky Higher Education Assistance Authority**			
	Other Special Revenue Fund	-0-	794,600	517,800
	(KRS 164.7891(11))			

I. PUBLIC PROTECTION CABINET

1.	**Financial Institutions**			
	Agency Revenue Fund	-0-	1,000,000	3,000,000
	(KRS 286.01-485)			
2.	**Insurance**			
	Agency Revenue Fund	-0-	10,000,000	14,000,000
	(KRS 304.2-300(1) and (4), 304.2-400, and 304.2-440(4))			

TOTAL - FUNDS TRANSFER	4,793,000	88,800,800	113,641,600

PART VI

GENERAL FUND BUDGET REDUCTION PLAN

Pursuant to KRS 48.130 and 48.600, a General Fund Budget Reduction Plan is enacted for state government in the event of an actual or projected revenue shortfall in estimated General Fund revenue receipts, excluding Tobacco Settlement – Phase I receipts, of $8,572,340,000 in fiscal year 2010-2011 and $8,873,697,500 in fiscal year 2011-2012 as determined by KRS 48.120 and modified by related Acts and actions of the General Assembly in an extraordinary or regular session. Direct services, obligations essential to the minimum level of constitutional functions, and other items that may be specified in this Act, are exempt from the requirements of this Plan. Each branch head shall prepare a specific plan to address a proportionate share of the General Fund revenue shortfall applicable to the respective branch. No budget revision action shall be taken by a branch head in excess of the actual or projected revenue shortfall.

The Governor, the Chief Justice, and the Legislative Research Commission shall direct and implement reductions in allotments and appropriations only for their respective branch budget units as may be necessary, as well as take other measures which shall be consistent with the provisions of this Part and general branch budget bills.

Notwithstanding KRS 48.130(4)(a) and (b), in the event of a revenue shortfall of five percent or less, General Fund budget reduction actions shall be implemented in the following sequence:

(1) The Local Government Economic Assistance and the Local Government Economic Development Funds shall be adjusted by the Secretary of the Finance and Administration Cabinet to equal revised estimates of receipts pursuant to KRS 42.4582 as modified by the provisions of this Act;

(2) Transfers of excess unappropriated Restricted Funds, other than fiduciary funds, to the General Fund shall be applied as determined by the head of each branch for its respective budget units. No transfers to the General Fund shall be made from the following:

(a) Local Government Economic Assistance and Local Government Economic Development Funds;

(b) Unexpended debt service from the Tobacco-Settlement Phase 1 Funds in either fiscal year;

(c) Tobacco Unbudgeted Interest Income-Rural Development Trust Fund; and

(d) Multi-County Coal Severance Fund;

(3) Any unanticipated Phase I Master Settlement Agreement revenues in both fiscal year shall be appropriated according to KRS 248.654;

(4) Application of the unappropriated balance of the General Fund surplus shall be applied;

~~[(5) Any language provision that expresses legislative intent regarding a specific appropriation shall not be reduced by a greater percentage than the reduction to the General Fund appropriation for that budget unit;]~~ *(Veto Item #18)*

(6) Reduce General Fund appropriations in Executive Branch Agencies' operating budget units by a sufficient amount to balance either fiscal year. No reductions of General Fund appropriations shall be made from the Local Government Economic Assistance Fund or the Local Government Economic Development Fund;

~~[(7) Notwithstanding subsection (10) of this Part, no reductions shall be made to the Constitutional Officers or their offices, Commonwealth's Attorneys or their offices, County Attorneys or their offices, Kentucky Educational Television, or the Department of Public Advocacy. The Governor may request their participation in a budget reduction; however, the level of participation shall be at the discretion of the Constitutional Officer, Prosecutors Advisory Council, Executive Director of Kentucky Educational Television, or Public Advocate;]~~ *(Veto Item #18)*

(8) Excess General Fund appropriations which accrue as a result of personnel vacancies and turnover, and reduced requirements for operating expenses, grants, and capital outlay shall be determined and applied by the heads of the executive, judicial, and legislative departments of state government for their respective branches. The branch heads shall certify the available amounts which shall be applied to budget units within the respective branches and shall promptly transmit the certification to the Secretary of the Finance and Administration Cabinet and the Legislative Research Commission. The Secretary of the Finance and Administration Cabinet shall execute the certified actions as transmitted by the branch heads.

Branch heads shall take care, by their respective actions, to protect, preserve, and advance the fundamental health, safety, legal and social welfare, and educational well-being of the citizens of the Commonwealth;

(9) Funds available in the Budget Reserve Trust Fund shall be applied in an amount not to exceed 25 percent of the Trust Fund balance in fiscal year 2010-2011 and 50 percent in fiscal year 2011-2012; and

(10) Pursuant to KRS 48.130 and 48.600, if the actions contained in subsections (1) to (9) of this Part are insufficient to eliminate an actual or projected revenue shortfall in the enacted General Fund revenue receipts, then the Governor is empowered and directed to take necessary actions with respect to the Executive Branch budget units to balance the budget by such actions conforming with the criteria expressed in this Part.

PART VII

GENERAL FUND SURPLUS EXPENDITURE PLAN

(1) Notwithstanding KRS 48.130(7), 48.140(3), and 48.700, there is established a plan for the expenditure of General Fund surplus moneys pursuant to a General Fund Surplus Expenditure Plan contained in this Part for fiscal years 2010-2011 and 2011-2012. Pursuant to the enactment of the General Fund Surplus Expenditure Plan, General Fund moneys in the General Fund undesignated fund balance in excess of the amount specified in Part III, General Provisions, Section 24, of this Act are appropriated to the following:

(a) Authorized expenditures without a sum specific appropriation amount, known as Necessary Government Expenses, including but not limited to Emergency Orders formally declared by the Governor in an Executive Order; and

(b) Increased support to the Budget Reserve Trust Fund.

(2) The Secretary of the Finance and Administration Cabinet shall determine, within 30 days after the close of the fiscal year 2009-2010, and the close of fiscal year 2010-2011, based on the official financial records of the Commonwealth, the amount of actual General Fund undesignated fund balance for the General Fund Surplus Account that may be available for expenditure pursuant to the Plan in fiscal year 2010-2011 and fiscal year 2011-2012, respectively. The Secretary of the Finance and Administration Cabinet shall certify the amount of actual General Fund undesignated fund balance available for expenditure to the Legislative Research Commission.

PART VIII

ROAD FUND BUDGET REDUCTION PLAN

There is established a Road Fund Budget Reduction Plan for fiscal year 2010-2011 and fiscal year 2011-2012. Pursuant to KRS 48.130, in the event of an actual or projected shortfall in estimated Road Fund revenue receipts of $1,265,800,000 in fiscal year 2010-2011 and $1,340,900,000 in fiscal year 2011-2012 as determined by KRS 48.120 and modified by related Acts and actions of the General Assembly in an extraordinary or regular session, the Governor shall implement sufficient reductions as may be required to protect the highest possible level of service.~~[The Road Fund Budget Reduction Plan shall include at a minimum an equal percentage reduction of all Transportation Cabinet budget units, excluding Revenue Sharing and Debt Service, before a reduction can be made to the State Construction Account.]~~ *(Veto Item #19)*

PART IX

ROAD FUND SURPLUS EXPENDITURE PLAN

Notwithstanding KRS 48.140 and 48.710, there is established a plan for the expenditure of the Road Fund Surplus Account. All moneys in the Road Fund Surplus Account shall be deposited in the State Construction Account and utilized to support projects in the fiscal biennium 2010-2012 Biennial Highway Construction Program.

PART X

PHASE I TOBACCO SETTLEMENT

(1) General Purpose: This Part prescribes the policy implementing aspects of the national settlement agreement between the tobacco industry and the collective states as described in KRS 248.701 to 248.727. In furtherance of that agreement, the General Assembly recognizes that the Commonwealth of Kentucky is a party to the Phase I Master Settlement Agreement (MSA) between the Participating Tobacco Manufacturers and 46 Settling States which provides reimbursement to states for smoking-related expenditures made over time.

(2) State's MSA Share: The Commonwealth's share of the MSA is equal to 1.7611586 percent of the total settlement amount. Payments under the MSA are made to the states annually in April of each year.

(3) MSA Payment Amount Variables: The total settlement amount to be distributed each payment date is subject to change pursuant to several variables provided in the MSA, including inflation adjustments, volume adjustments, previously settled states adjustments, and the nonparticipating manufacturers adjustment.

(4) Distinct Identity of MSA Payment Deposits: The General Assembly has determined that it shall be the policy of the Commonwealth that all Phase I Tobacco Settlement payments shall be deposited to the credit of the General Fund and shall maintain a distinct identity as Phase I Tobacco Settlement payments that shall not lapse to the credit of the General Fund surplus but shall continue forward from each fiscal year to the next fiscal year to the extent that any balance is unexpended.

(5) MSA Payment Estimates and Adjustments: Based on the current estimates as reviewed by the Consensus Revenue Forecasting Group, the amount of MSA payments expected to be received in fiscal year 2010-2011 is $111,310,000 and in fiscal year 2011-2012 is $102,720,000. It is recognized that payments to be received by the Commonwealth are estimated and are subject to change. Any appropriations made from the estimated receipts are subject to adjustments based on actual receipts as received and certified by the Secretary of the Finance and Administration Cabinet.

a. State Enforcement: Notwithstanding KRS 248.654, a total of $275,000 of the MSA payments received each fiscal year of the 2010-2012 fiscal biennium is appropriated to the Finance and Administration Cabinet, Department of Revenue for the state's enforcement of noncompliant nonparticipating manufacturers.

b. Agricultural Development Initiatives: Fifty percent of the MSA payments, less the above enforcement appropriations, received in fiscal year 2010-2011, estimated to be $55,517,500, and in fiscal year 2011-2012, estimated to be $51,222,500, is appropriated to the Kentucky Agricultural Development Fund to be used for agricultural development initiatives.

c. Early Childhood Development Initiatives: Twenty-five percent of the MSA payments, less the above enforcement appropriations, received in fiscal year 2010-2011, estimated to be $27,758,800, and in fiscal year 2011-2012, estimated to be $25,611,300, is appropriated for Early Childhood Development Initiatives as specified below.

d. Health Care Initiatives: Twenty-five percent of the MSA payments received, less the above enforcement appropriations, in fiscal year 2010-2011, estimated to be $27,758,700, and in fiscal year 2011-2012, estimated to be $25,611,200, is appropriated to the Kentucky Health Care Improvement Fund for health care initiatives as specified below.

(6) MSA Appropriation Adjustments - Prior Year Receipts Received: In the event that Phase I Master Settlement Agreement revenues due from a prior fiscal year are received in a subsequent fiscal year, those revenues are hereby appropriated as follows: 50 percent to the Agricultural Development Fund, 25 percent to the Early Childhood Development Fund, and 25 percent to the Health Care Improvement Fund.

a. Early Childhood Development: From the 25 percent of the Phase I Master Settlement Agreement payments appropriated to the Early Childhood Development Fund, the Early Childhood Development Authority shall recommend to the State Budget Director for approval the specific appropriations to be made to the existing initiatives.

b. Health Care Improvement: From the 25 percent of the Phase I Master Settlement Agreement payments appropriated to the Health Care Improvement Fund, appropriations shall be made pursuant to KRS 304.17B-003(5).

A. STATE ENFORCEMENT

GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS

1. FINANCE AND ADMINISTRATION CABINET

Budget Unit		**2010-11**	**2011-12**
a.	Revenue	275,000	275,000

B. AGRICULTURAL DEVELOPMENT APPROPRIATIONS

GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS

1. GENERAL GOVERNMENT

Budget Unit	2010-11	2011-12
a. Governor's Office of Agricultural Policy	30,529,000	17,691,600

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

(2) Agriculture: Notwithstanding KRS 248.703(1), included in the above General Fund (Tobacco) appropriation is $16,419,375 in fiscal year 2010-2011 and $16,419,375 in fiscal year 2011-2012, for the counties account as specified in KRS 248.703(1)(a).

2. ENERGY AND ENVIRONMENT CABINET

Budget Unit	2010-11	2011-12
a. Natural Resources	9,000,000	6,000,000

(1) Environmental Stewardship Program: Included in the above General Fund (Tobacco) appropriation is $9,000,000 in fiscal year 2010-2011 and $6,000,000 in fiscal year 2011-2012 for the Environmental Stewardship Program.

3. FINANCE AND ADMINISTRATION CABINET

Budget Unit	2010-11	2011-12
a. Debt Service	18,746,600	30,275,700

(1) Debt Service: To the extent that revenues sufficient to support the required debt service appropriations are received from the Tobacco Settlement Program, those revenues shall be made available from those accounts to the appropriate account of the General Fund. All necessary debt service amounts shall be appropriated from the General Fund and shall be fully paid regardless of whether there is a sufficient amount available to be transferred from tobacco-supported funding program accounts to other accounts of the General Fund.

(2) General Fund (Tobacco) Debt Service Lapse: Notwithstanding the provisions of Part X, (4) of this Act, $3,008,100 in fiscal year 2010-2011 and $2,994,800 in fiscal year 2011-2012 shall lapse and not continue forward to the next fiscal year.

4. POSTSECONDARY EDUCATION

Budget Unit	2010-11	2011-12
a. University of Kentucky	250,000	250,000
TOTAL - AGRICULTURAL APPROPRIATIONS	58,525,600	54,217,300

C. EARLY CHILDHOOD DEVELOPMENT

GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS

1. DEPARTMENT OF EDUCATION

Budget Unit	2010-11	2011-12
a. Learning and Results Services	2,150,000	2,050,000

2. CABINET FOR HEALTH AND FAMILY SERVICES

Budget Units	2010-11	2011-12
a. Community Based Services	9,395,400	9,175,000

(1) Early Childhood Development Program: Included in the above General Fund (Tobacco) appropriation is $9,395,400 in fiscal year 2010-2011 and $9,175,000 in fiscal year 2011-2012 for the Early Childhood Development Program.

b. Public Health	13,963,400	12,136,300

(1) HANDS Program, Healthy Start, Universal Children's Immunizations, Folic Acid Program, Early Childhood Mental Health, Early Childhood Oral Health, Reach Out and Read, and Kentucky Early Intervention Services First Steps: Included in the above General Fund (Tobacco) appropriation is $8,752,000 in fiscal year 2010-2011 and $8,000,000 in fiscal year 2011-2012 for the Health Access Nurturing Development Services (HANDS) Program, $1,000,000 in each fiscal year for Healthy Start initiatives, $1,775,900 in fiscal year 2010-2011 and $800,000 in fiscal year 2011-2012 for Universal Children's Immunizations, $200,000 in each fiscal year for the Folic Acid Program, $950,000 in each fiscal year for Early Childhood Mental Health, $310,500 in each fiscal year for Early Childhood Oral Health, $225,000 in fiscal year 2010-2011 and $200,000 in fiscal year 2011-2012 for Reach Out and Read, and $750,000 in fiscal year 2010-2011 and $675,800 in fiscal year 2011-2012 for the Kentucky Early Intervention Services First Steps Program.

c. Behavioral Health, Developmental and Intellectual Disabilities Services	900,000	900,000

(1) Substance Abuse Prevention and Treatment: Included in the above General Fund (Tobacco) appropriation is $900,000 in each fiscal year for substance abuse prevention and treatment.

d. Commission for Children with Special Health Care Needs	350,000	350,000

(1) Universal Newborn Hearing Screening: Included in the above General Fund (Tobacco) appropriation is $350,000 in each fiscal year for the Universal Newborn Hearing Screening program.

3. POSTSECONDARY EDUCATION

Budget Unit	**2010-11**	**2011-12**
a. Kentucky Higher Education Assistance Authority	1,000,000	1,000,000

(1) Early Childhood Scholarships: Included in the above General Fund (Tobacco) appropriation is $1,000,000 in fiscal year 2010-2011 and $1,000,000 in fiscal year 2011-2012 for Early Childhood Scholarships.

TOTAL - EARLY CHILDHOOD APPROPRIATIONS	27,758,800	25,611,300

D. HEALTH CARE IMPROVEMENT APPROPRIATIONS

GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS

Notwithstanding KRS 304.17B-003(5), appropriations for health care improvement shall be as follows:

1. CABINET FOR HEALTH AND FAMILY SERVICES

Budget Unit	**2010-11**	**2011-12**
a. Public Health	2,583,500	2,368,800

(1) Smoking Cessation Program: Included in the above General Fund (Tobacco) appropriation is $2,583,500 in fiscal year 2010-2011 and $2,368,800 in fiscal year 2011-2012 for the Smoking Cessation Program.

2. JUSTICE AND PUBLIC SAFETY CABINET

Budget Unit	**2010-11**	**2011-12**
a. Justice Administration	1,923,400	1,923,400

(1) Office of Drug Control Policy: Included in the above General Fund (Tobacco) appropriation is $1,923,400 in fiscal year 2010-2011 and $1,923,400 in fiscal year 2011-2012 for the Office of Drug Control Policy.

3. PUBLIC PROTECTION CABINET

Budget Unit	**2010-11**	**2011-12**
a. Insurance	18,084,700	16,581,400

(1) Kentucky Access Program: Included in the above General Fund (Tobacco) appropriation is $18,084,700 in fiscal year 2010-2011 and $16,581,400 in fiscal year 2011-2012 for the Kentucky Access Program.

4. POSTSECONDARY EDUCATION

Budget Unit	2010-11	2011-12
a. Council on Postsecondary Education	5,167,100	4,737,600

(1) Ovarian Cancer Screening: Notwithstanding KRS 164.476, General Fund (Tobacco) moneys in the amount of $775,000 in fiscal year 2010-2011 and $775,000 in fiscal year 2011-2012 shall be allotted from the Lung Cancer Research Fund to the Ovarian Cancer Screening Outreach Program at the University of Kentucky.

TOTAL - HEALTH CARE APPROPRIATIONS	27,758,700	25,611,200
TOTAL - PHASE I TOBACCO SETTLEMENT FUNDING PROGRAM	114,318,100	105,714,800

PART XI

STATE/EXECUTIVE BRANCH BUDGET SUMMARY

OPERATING BUDGET

	2009-10	2010-11	2011-12
General Fund (Tobacco)	-0-	114,318,100	105,714,800
General Fund	-0-	8,244,471,900	9,145,121,100
Restricted Funds	140,600	5,706,828,400	5,888,987,800
Federal Funds	-0-	10,471,359,800	9,851,334,900
Road Fund	-0-	83,674,500	87,126,500
SUBTOTAL	140,600	24,620,652,700	25,078,285,000

CAPITAL PROJECTS BUDGET

	2009-10	2010-11	2011-12
Restricted Funds	5,496,700	2,369,975,000	51,935,000
Federal Funds	-0-	392,372,000	54,329,000
Bond Funds	22,900,000	407,888,800	71,607,000
Agency Bonds	30,000,000	485,304,000	-0-
Capital Construction Surplus	-0-	1,400,000	-0-
Investment Income	-0-	3,937,000	3,937,000
Other Funds	-0-	873,590,000	-0-
SUBTOTAL	58,396,700	4,534,466,800	181,808,000

TOTAL - STATE/EXECUTIVE BUDGET

	2009-10	2010-11	2011-12
General Fund (Tobacco)	-0-	114,318,100	105,714,800
General Fund	-0-	8,244,471,900	9,145,121,000
Restricted Funds	5,637,300	8,076,803,400	5,940,932,800
Federal Funds	-0-	10,863,731,800	9,905,663,900
Road Fund	-0-	83,674,500	87,126,500
Bond Funds	22,900,000	407,888,800	71,607,000
Agency Bonds	30,000,000	485,304,000	-0-
Capital Construction Surplus	-0-	1,400,000	-0-

Investment Income	-0-	3,937,000	3,937,000
Other Funds	-0-	873,590,000	-0-
TOTAL FUNDS	58,537,300	29,155,119,500	25,260,093,000

PART XII

INSURANCE COVERAGE, AFFORDABILITY AND RELIEF TO SMALL EMPLOYERS (ICARE) PROGRAM

Section 1. As used in Sections 1 to 8 of this Part, unless the context requires otherwise:

(1) "Consumer-driven health plan" means a health benefit plan, including a high deductible health plan as defined in 26 U.S.C. sec. 223(c)(2)(A), or a health reimbursement arrangement that meets the requirements of Internal Revenue Code, Notice 2002-45, 2002-2 C.B. 93;

(2) "Eligible employer" or "employer" means an individual that employs two to 25 employees, a corporation, including a foreign corporation, other than a governmental entity, that employs one or more residents of the Commonwealth, or a corporation or an unincorporated entity that is exempt from taxation under the provisions of 26 U.S.C. sec. 501(c), as amended and in effect for the taxable year. An eligible employer must employ no more than 25 employees and meet the eligibility requirements set forth in administrative regulations promulgated by the department. The method of determining the number of employees an employer has and the amount and types of subsidies shall be determined by the department or a third-party administrator selected in accordance with Section 5 of this Part;

(3) "Eligible employee" or "employee" means an employee of an eligible employer whose business is located in the Commonwealth, who has not attained age 65 or is Medicare eligible, and who meets the financial and other eligibility standards set forth in administrative regulations promulgated by the department;

(4) "Health risk assessment" means an assessment to prevent or minimize risk factors for disease and maintain wellness;

(5) "High-cost condition" means a diagnosed specific list of conditions representing the top 20 high-cost conditions in the small group market;

(6) "ICARE Program participating insurer" means any insurer who offers a health benefit plan in the small group market;

(7) "Department" means the Department of Insurance; and

(8) "Qualified health benefit plan" means a health benefit plan as described in Section 3(2) of this Part.

Section 2. (1) There is hereby created and established, under the supervision of the Department of Insurance, the Insurance Coverage, Affordability and Relief to Small Employers (ICARE) Program, which is designed to make health insurance more affordable for small employer groups. The program is being piloted in the small group market and shall be limited to those employer groups with two to 25 employees, including small groups with two to 25 employees who are members of an employer-organized association, and who were approved for participation in the program by the Department of Insurance as of June 15, 2010.

(2) All insurers that issue health benefit plans to employers with two to 25 employees, including employers participating in an employer-organized association, as a condition of doing business in Kentucky, shall be deemed an ICARE Program participating insurer.

(3) The Department of Insurance may, subject to the provisions of this section, establish an employer health care incentive program for certain employers for the purpose of reducing the amount of contributions or payments made by those employers and employees toward the cost of qualified medical insurance and which shall consist of the following two programs:

(a) An employer health care incentive program for the purpose of reducing the cost to employers and employees for providing qualified health benefit plan coverage under Section 3(2)(a) or (b) of this Part for an eligible employer with low-income employees if the eligible employer pays 50 percent or more of the premium cost of that qualified health benefit plan coverage and meets the insurer's participation requirements as allowed under KRS 304.17A-200(3). The department may limit premium payments or enrollment under this program, to the extent funding is available. The ICARE Program shall be available to employer groups that have not provided employer-sponsored health benefit plan coverage to their employees within the previous 12 months; and

(b) An employer health care incentive program for the purpose of reducing the cost to employers and employees for the purpose of obtaining or maintaining qualified health benefit plan coverage under Section 3(2)(a), (b), or (c) of this Part for an eligible employer and employees if the eligible employer pays 50 percent or more of the premium cost of that health benefit plan coverage and meets the insurer's participation requirements as allowed under KRS 304.17A-200(3). The department may limit premium payments or enrollment under this program, to the extent funding is available. The ICARE Program shall be available to employer groups that have at least one employee with a high-cost condition. The department shall promulgate administrative regulations to establish a list of high-cost conditions for the ICARE Program.

(4) In order for an eligible employer to qualify for the ICARE Program, the average annual salary of the employer group shall not exceed 300 percent of the federal poverty level. This shall not include the annual salary of any person with an ownership interest in the employer group.

(5) The department shall promulgate administrative regulations to establish guidelines for determination of preference for employer groups based upon federal poverty level, eligibility criteria, health care incentive payment procedures, program participating insurer and employer reporting requirements, and administrative guidelines for the ICARE Program.

Section 3. (1) Sections 1 to 8 of this Part shall not apply to an insurer that provides coverage solely to Medicaid recipients, Medicare beneficiaries, CHAMPUS insureds, or self-insured groups.

(2) Each ICARE Program participating insurer shall offer at least three qualified health benefit plans to employers. A qualified health benefit plan shall be:

(a) A consumer-driven health benefit plan, including a health reimbursement arrangement or health savings account;

(b) A basic health benefit plan, as described in KRS 304.17A-096 and 304.17A-097; or

(c) An enriched health benefit plan.

(3) Each ICARE Program participating insurer shall offer at least one of each of the plans listed in subsection (2)(a), (b), or (c) of this section. These plans shall be subject to the provisions of KRS 304.17A-220.

(4) An ICARE Program participating insurer shall conduct a health risk assessment for each employee enrolled in the ICARE Program and offer a wellness program, case management services, and disease management services.

(5) An insurer shall be required to offer a premium rate that includes a healthy lifestyle discount for employers participating in the ICARE Program.

(6) A separate class of business may be established for health benefit plan rate filings offered under the ICARE Program in accordance with KRS 304.17A-0952(8)(b).

Section 4. (1) The amount of health care incentive paid shall be as follows:

(a) Forty dollars per employee per month for eligible employers as defined in Section 2(3)(a) of this Part. The amount shall be reduced annually, at the time of renewal, in incremental rates of ten dollars; and

(b) Sixty dollars per employee per month for eligible employers as defined in Section 2(3)(b) of this Part. The amount shall be reduced annually, at the time of renewal, in incremental rates of fifteen dollars.

(2) The department may, in lieu of cash payments, issue to individuals vouchers or other documents certifying that the department will pay a specified amount for health benefit plan coverage under specified circumstances.

(3) Any allocated surplus remaining in the ICARE Program shall be carried forward to the next fiscal year and be used for the ICARE Program in subsequent years.

(4) The department may limit enrollment for the ICARE Program so not to exceed annual program funding.

(5) A group shall be determined ineligible if the most recent coverage under any health benefit plan terminated or nonrenewed because of any of the following:

(a) The group failed to pay premiums or contributions in accordance with the terms of the plan or the insurer had not received timely premium payments;

(b) The group or any individual in the group performed an act or practice that constitutes fraud or made an intentional misrepresentation of material fact under the terms of the coverage; or

(c) The group or any individual engaged in intentional and abusive noncompliance with health benefit plan provisions.

Section 5. (1) The department may select a third-party administrator to administer the ICARE Program. The third-party administrator shall be an administrator licensed under this chapter by the department. The department shall consider criteria in selecting a third-party administrator that shall include but not be limited to the following:

(a) A third-party administrator's proven ability to demonstrate performance of the following: eligibility determinations, enrollment, payment issuance, reconciliation processes, and data collection and reporting;

(b) The total cost to administer the ICARE Program;

(c) A third-party administrator's proven ability to demonstrate that the ICARE Program be administered in a cost-efficient manner; and

(d) A third-party administrator's financial condition and stability.

(2) In addition to any duties and obligations set forth in the contract with the third-party administrator, the third-party administrator shall:

(a) Develop and establish policies and procedures for eligibility determinations, enrollment, payment issuance, reconciliation processes, data collection and reporting, and other responsibilities determined by the department;

(b) Submit reports to the department regarding the operation and financial condition of the ICARE Program. The frequency, content, and form of the reports shall be determined by the department; and

(c) Submit a monthly and annual report to the department. Both reports shall include:

1. Number of applicants;

2. Enrolled employer groups by insurance company;

3. Number of groups previously uninsured for a period of 12 months by insurance company;

4. Average premium per group by insurance company;

5. Number of groups eligible due to an individual with a high-cost condition by insurance company;

6. Total amount of health care incentive paid listed by insurance company; and

7. Any other information requested by the department.

(3) The third-party administrator shall be paid for necessary and reasonable expenses as provided in the contract between the department and the third-party administrator.

Section 6. (1) The department shall establish and maintain the ICARE Program fund. All funds shall be held at interest, in a single depository designated in accordance with KRS 304.8-090(1) under a written trust agreement in accordance with KRS 304.8-095. All expense and revenue transactions of the fund shall be posted to the Management Administrative Reporting System (MARS) and its successors; and

(2) The department shall work with the Office of Health Policy within the Cabinet for Health and Family Services to review the availability of federal funds for the ICARE Program.

Section 7 (1) The department may implement Sections 1 to 8 of this Part through arrangements with other agencies of the Commonwealth.

(2) The provisions of this section shall not give rise to, nor be construed as giving rise to, enforceable legal rights for any party or an enforceable entitlement to benefits other than to the extent that such rights or entitlements exist pursuant to the administrative regulations of the executive director of insurance.

Section 8. (1) Each insurer authorized to offer health benefit plans in the Commonwealth shall disclose the availability of the health insurance purchasing program as authorized in 42 U.S.C. sec. 1396e to eligible employer groups. In connection with the initial offering and renewal of any health benefit plan, an insurer shall make a disclosure as part of its solicitation, sales material, and renewal information of the availability of the ICARE Program;

(2) The manner and content of the disclosure as described in subsection (1) of this section shall be established through promulgation of administrative regulations by the Department of Insurance in coordination with the Cabinet for Health and Family Services.

Section 9. (1) All insurers as defined in KRS 304.17A-005(24) shall provide upon request to the Cabinet for Health and Family Services, by electronic means and in the format prescribed by the cabinet, information in accordance with KRS 205.623.

(2) All information obtained by the cabinet pursuant to this section shall be confidential and shall not be open to public inspection.

Section 10. Pursuant to terms and conditions of Subtitle 17A of KRS Chapter 304, the Commonwealth of Kentucky seeks to explore the feasibility of an Interstate Reciprocal Health Benefit Plan Compact (IRHBPC) with contiguous states to allow the residents of the Commonwealth of Kentucky and the residents of contiguous states to purchase health benefit plan coverage among the states participating with the compact. The purposes of this compact are, through means of joint and cooperative action among the compacting states:

(1) To promote and protect the interest of consumers purchasing health benefit plan coverage;

(2) To develop uniform minimum standards for health benefit plan products covered under the compact, while ensuring that the standards established in Kentucky law and regulation are maintained and protected;

(3) To improve coordination of regulatory resources and expertise between state insurance departments regarding the setting of uniform minimum standards; and

(4) To perform these and such other related functions as may be consistent with the state regulation of the business of insurance.

Section 11. Any insurer violating Section 9 of this Part shall be fined not less than one hundred dollars ($100) for each offense. Failure to respond to each request made by the Cabinet for Health and Family Services, as required under Section 9 of this Part, shall constitute a separate offense.

Section 12. Notwithstanding KRS 304.17A.0952(8)(b), an insurer may establish a separate class of business to reflect substantial differences in expected claims experience or administrative cost because the insurer is offering a qualified health benefit plan under the ICARE Program pursuant to Section 3(3) of this Part.

Section 13. Notwithstanding KRS 216.2921(1), the Cabinet for Health and Family Services shall make every effort to make health data findings that can serve as a basis to educate consumers on the cost and quality of health care and providers for the purpose of improving patient morbidity and mortality outcomes available to the public, and state and local leaders in health policy, through the cost-effective and timely use of the media and the Internet and through distribution of the findings to health facilities and health-care providers for further dissemination to their patients.

Section 14. Notwithstanding KRS 216.2923(2)(a), for the purposes of carrying out the provisions of KRS 216.2920 to 216.2929, the Secretary of the Cabinet for Health and Family Services shall publish and make publicly available, pursuant to Section 18 of this Part, information on charges, quality, and outcomes of health care services provided, and information that relates to the health care financing and delivery system and health insurance premiums and benefits that is in the public interest.

Notwithstanding KRS 216.2923(2)(f), the cabinet advisory committee shall utilize the Health Services Data Advisory Committee as a subcommittee, which shall include a member of the Division of Women's Physical and Mental Health, to define quality outcome measurements and to advise the cabinet on technical matters including review of administrative regulations promulgated pursuant to KRS Chapter 13A, proper interpretation of the data, and the most cost-effective manner in which it should be published and disseminated to the public. The Health Services Data Advisory Committee shall review and make recommendations to the secretary's advisory committee regarding exploration of technical matters related to data from other health care providers. The committee shall make recommendations on methods for risk adjusting any data prepared and published by the cabinet.

Section 15. Notwithstanding KRS 216.2925(1), every hospital and ambulatory facility shall be required to report, on a quarterly basis, information regarding the charge for, quality, and outcomes of the procedures and health-care services performed therein, and as stipulated by administrative regulations promulgated pursuant to KRS Chapter 13A. The cabinet shall accept data which, at the option of the provider is submitted through a third party, including but not limited to organizations involved in the processing of claims for payment, so long as the data elements

conform to the requirements established by the cabinet. On at least a biennial basis, the cabinet shall conduct a statistical survey that addresses the status of women's health, specifically including data on patient age, ethnicity, geographic region, and payor sources. The cabinet shall rely on data from readily available reports and statistics whenever possible.

Notwithstanding KRS 216.2925(2), the cabinet shall require for quarterly submission to the cabinet by any group of providers, except for physicians providing services or dispensaries, first aid stations, or clinics located within business or industrial establishments maintained solely for the use of their employees, including those categories within the definition of provider contained in KRS 216.2920 and any further categories determined by the cabinet, as provided by cabinet promulgation of administrative regulations pursuant to KRS Chapter 13A, the following:

(a) A list of medical conditions, health services, and procedures for which data on charge, quality, and outcomes shall be collected and published;

(b) A timetable for filing the information provided for under paragraph (a) above on a quarterly basis;

(c) A list of data elements that are necessary to enable the cabinet to analyze and disseminate risk-adjusted charge, quality, and outcome information, including mortality and morbidity data;

(d) An acceptable format for data submission which shall include use of the uniform:

1. Health claim form pursuant to KRS 304.14-135 or any other universal health claim form to be determined by the cabinet, if in the form of hard copy; or

2. Electronic submission formats as required under the federal Health Insurance Portability and Accountability Act of 1996, 42 U.S.C. Chapter 6A, sec. 300gg et seq., in the form of magnetic computer tape, computer diskettes, or other electronic media through an electronic network;

(e) Procedures to allow health-care providers at least thirty (30) days to review information generated from any data required to be submitted by them, with any reports generated by the cabinet to reflect valid corrections by the provider before the information is released to the public; and

(f) Procedures pertaining to the confidentiality of data collected.

Notwithstanding KRS 216.2925(3), the data-gathering activities of the cabinet shall be coordinated with and not duplicative of other data-collection activities conducted by the Department of Insurance, as well as other state and national agencies and organizations that collect the same or substantially similar health-related service, utilization, quality, outcome, financial, or health-care personnel data, and shall review all administrative regulations promulgated pursuant to KRS 216.2920 to 216.2929 to prevent duplicate filing requirements. The cabinet shall periodically review the use of all data collected under KRS 216.2920 to 216.2929 to assure its use is consistent with legislative intent.

Notwithstanding KRS 216.2925(4), the cabinet shall conduct outcome analyses and effectiveness studies and prepare other reports pertaining to issues involving health-care charges and quality.

Notwithstanding KRS 216.2925(7), the Cabinet for Health and Family Services shall collect all data elements under this section using only the uniform health insurance claim form pursuant to KRS 304.14-135, the Professional 837 (ASC X12N 837) format or its successor as adopted by the Centers for Medicare and Medicaid Services, or the Institutional 837 (ASC X12N 837) format or its successor as adopted by the Centers for Medicare and Medicaid Services.

Section 16. Notwithstanding KRS 216.2927(3), no less than 60 days after reports are published and except as otherwise provided, the Cabinet for Health and Family Services shall make all aggregate data which does not allow disclosure of the identity of any individual patient, and which was obtained for the annual period covered by the reports, available to the public. The Health Services Data Advisory Committee shall review at least annually current protocols related to the release of data referenced in this section and shall make recommendations to the cabinet advisory committee referenced in KRS 216.2923. Persons or organizations requesting use of these data shall agree to abide by a public use data agreement and by HIPAA privacy rules referenced in 45 C.F.R. 164. The public use data agreement shall include at a minimum:

(a) A prohibition against the sale or further release of data; and

(b) Guidelines for the use and analysis of the data released to the public related to provider quality, outcomes, or charges.

Notwithstanding KRS 216.2925(3), the cabinet may impose a fee for providing electronic or multiple printed copies of the data.

Section 17. Notwithstanding KRS 216.2929(1), the Cabinet for Health and Family Services shall make available on its Web site information on charges for health care services, which is updated at least annually, in understandable language with sufficient explanation to allow consumers to draw meaningful comparisons between every hospital and ambulatory facility in the Commonwealth, and other provider groups as relevant data become available. Any charge information compiled and reported by the cabinet shall include the median charge and other percentiles to describe the typical charges for all of the patients treated by a provider and the total number of patients represented by the charges, and shall be risk adjusted according to the recommendations of the Health Data Advisory Committee. The report shall clearly identify the sources of data used in the report and explain limitations of the data and why differences between provider charges may be misleading. Every provider that is specifically identified in any report shall be given 30 days to verify the accuracy of its data prior to public release and shall be afforded the opportunity to submit comments on its data that shall be included on the Web site and as part of any printed report of the data. The cabinet shall only provide linkages to organizations that publicly report comparative charge data for Kentucky providers using data for all patients treated regardless of payor source, which may be adjusted for outliers, is risk adjusted, and permits identified providers the opportunity to comment on their data and includes such comments on the Web site and as part of any printed report of the data.

The Cabinet for Health and Family Services shall make information available on its Web site, describing quality and outcome measures, in understandable language with sufficient explanation to allow consumers to draw meaningful comparison between every hospital and ambulatory facility in the Commonwealth, and other provider groups as relevant data become available.

(a) The cabinet shall utilize only national quality indicators that have been endorsed and adopted by the Agency for Healthcare Research and Quality, the National Quality Forum, or the United States Centers for Medicare and Medicaid Services, or shall provide linkages only to the following organizations that publicly report quality and outcome measures on Kentucky providers:

1. The United States Centers for Medicare and Medicaid Services;

2. The Agency for Healthcare Research and Quality;

3. The Joint Commission on the Accreditation of Health Care Organizations; and

4. Other organizations that publicly report relevant outcome data for Kentucky health care providers, as determined by the Health Services Data Advisory Committee.

(b) The cabinet shall utilize or refer the general public to only those nationally endorsed quality indicators that:

1. Are based upon current scientific evidence or relevant national professional consensus; and

2. Have definitions and calculation methods openly available to the general public at no charge.

Any report the cabinet disseminates or refers the public to shall:

(a) Not include data for a provider whose caseload of patients is insufficient to make the data a reliable indicator of the provider's performance;

(b) Afford providers specifically identified in the report 30 days to verify the accuracy of their data prior to the data's public release and the opportunity to submit comments on their data, which shall be included on the Web site and as part of any printed report of the data;

(c) Clearly identify the sources of data used in the report and explain the analytical methods used in preparing the data included in the report; and

(d) Explain any limitations of the data and how the data should be used by consumers.

Section 18. Notwithstanding KRS 304.17A-700, as used in KRS 304.17A-700 to 304.17A-730 and KRS 205.593, 304.14-135, and 304.99-123, "health care provider" or "provider" means a provider licensed in Kentucky as defined in KRS 304.17A-005 and, for the purposes of KRS 304.17A-700 to 304.17A-730 and KRS 205.593, 304.14-135, and 304.99-123 only, shall include physical therapists licensed under KRS Chapter 327, psychologists licensed under KRS Chapter 319, social workers licensed under KRS Chapter 335, and durable medical equipment dealers holding an active Medicare DME provider number. Nothing contained in KRS 304.17A-700 to 304.17A-730 and KRS 205.593, 304.14-135, and 304.99-123 shall be construed to include physical therapists, psychologists, social

workers, and durable medical equipment dealers holding an active Medicare DME provider number as a health care provider or provider under KRS 304.17A-005.

Section 19. Notwithstanding KRS 304.17A-704, within five business days from the time of acknowledgment under KRS 304.17A.704(1)(a), an insurer, its agent, or designee shall notify the provider, its billing agent, or designee that submitted the claim electronically, of all information that is missing from the billing instrument, of any errors in the billing instrument, or of any other circumstances which preclude it from being a clean claim.

Notwithstanding KRS 304.17A-704(2), at the time of acknowledgment under paragraph (b) of KRS 304.17A-704(1), an insurer, its agent, or designee, shall notify the provider, its billing agent, or designee that submitted the claim, in writing, of all information that is missing from the billing instrument, any errors in the billing instrument, or of any other circumstances which preclude it from being a clean claim.

Section 20. Notwithstanding KRS 304.17A-730(1), an insurer that fails to pay, deny, or settle a clean claim in accordance with KRS 304.17A-700 to 304.17A-730 and KRS 205.593, 304.14-135, and 304.99-123 shall pay interest according to the following schedule on the amount of the claim that remains unpaid:

(a) For claims that are paid between one and 30 days from the date that payment was due under KRS 304.17A-702, interest at a rate of 12 percent per annum shall accrue from the date payment was due under KRS 304.17A-702; and

(b) For claims that are paid more than 31 days from the date that payment was due under KRS 304.17A-702, interest at a rate of 14 percent per annum shall accrue from the date payment was due under KRS 304.17A-702.

PART XIII

CONTINGENCY PLAN FOR ADDITIONAL FEDERAL ASSISTANCE FOR STATES

The General Assembly recognizes that the American Recovery and Reinvestment Act of 2009, H.R. 1, 111 Cong. (2009), or its successor, gives certain discretion to the Governor. As the only body in the Commonwealth that has the constitutional power to make appropriations, the General Assembly empowers and directs the Governor to spend funds from the American Recovery and Reinvestment Act of 2009, or its successor. It is recognized that if additional federal dollars are received they will not be recurring in nature; therefore, the intent of the General Assembly is that funds received from the American Recovery and Reinvestment Act of 2009, or its successor, are not used to permanently expand existing programs, permanently create new programs, or in any way increase the requirements to be placed on the General Fund, Restricted Funds, or Road Fund above the adjusted appropriation level as of June 30, 2010. It is also the intent of the General Assembly that the funds received from the American Recovery and Reinvestment Act of 2009, or its successor, be used for the following purposes:

(1) Restore support to programs that have been reduced in fiscal years 2008-2009 and 2009-2010;

(2) Support programs that shall be eliminated when American Recovery and Reinvestment Act of 2009, or its successor, funds are no longer available;

(3) Provide funding for one-time expenditures in accordance with the American Recovery and Reinvestment Act of 2009, or its successor;

(4) Agencies that receive funding for capital or infrastructure projects shall proceed with projects that have been identified and recommended by the Capital Planning Advisory Board;

(5) Local school districts that receive funding for capital or infrastructure projects shall proceed where possible with projects identified and prioritized in the District Facilities Plan as approved by the Kentucky Board of Education;

(6) Transportation infrastructure funding shall be expended on specific road projects as approved in the Biennial Highway Construction Plan. Any funds allocated specifically for Metropolitan Planning Organizations (MPO's) shall be expended on road projects included within the Statewide Transportation Improvement Program (STIP); and

(7) Any General Fund dollars that are not required for expenditure, due to the receipt of American Recovery and Reinvestment Act of 2009, or its successor, funds, shall be transferred to the Budget Reserve Trust Fund.

Legislative Research Commission Note (6/11/2010). See also 2010 (1st Extra. Sess.) Ky. Acts chs. 3 and 6 (HB 3 and SB 5) in this volume. Those bills were passed after HB 1 and contained provisions that modify the provisions of HB 1.

Legislative Research Commission Note (6/11/2010). In this bill, material that was vetoed by the Governor is bracketed, struck through, and followed by the number of the veto in parentheses.

Vetoed in part June 4, 2010. Provisions that were not vetoed became law June 11, 2010, without the Governor's signature.

CHAPTER 2

(HB 2)

AN ACT relating to fiscal matters and declaring an emergency.

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

➔Section 1. KRS 45.777 is amended to read as follows:

(1) The proceeds from the sale of major items of equipment or real property, purchased in whole or in part with capital construction funds, shall be ***deposited into the general fund***~~[returned to the source of the funds utilized for their purchases in a pro rata manner. Proceeds accruing to the capital construction fund under this subsection shall be deposited in the capital construction fund surplus account and shall be appropriated and allotted as provided in KRS 45.770 through 45.800]~~ unless federal funding restraints ***require***~~[required]~~ otherwise.

(2) The provisions of this section shall not apply to***:***

(a) The sale of real property held as right-of-way***;***

(b) ***The sale of equipment*** by the Transportation Cabinet***; or***

(c) ***The sale of confiscated firearms***.

➔Section 2. KRS 138.4602 is amended to read as follows:

(1) (a) Effective for sales on or after September 1, 2009, of:

1. New motor vehicles;

2. Dealer demonstrator vehicles;

3. Previous model year motor vehicles; and

4. U-Drive-It motor vehicles that have been transferred within one hundred eighty (180) days of being registered as a U-Drive-It and that have less than five thousand (5,000) miles;

the retail price shall be determined by reducing the amount of total consideration given by the trade-in allowance of any motor vehicle traded in by the ***buyer***~~[seller]~~. The value of the purchased motor vehicle and the amount of the trade-in allowance shall be determined as provided in subsection (2) of this section, and the availability of the trade-in allowance shall be subject to subsection (3) of this section.

(b) The retail price shall not include that portion of the price of the vehicle attributable to equipment or adaptive devices necessary to facilitate or accommodate an operator or passenger with physical disabilities.

(2) (a) The value of the purchased motor vehicle offered for registration and the value of the vehicle offered in trade shall be attested to in a notarized affidavit, provided that the retail price established by the notarized affidavit shall not be less than fifty percent (50%) of the difference between the applicable value of the purchased motor vehicle, as determined under the method described in paragraph (b) of this

subsection, and the trade-in value of any motor vehicle offered in trade, as established by the reference manual.

(b) If a notarized affidavit is not available:

1. The retail price of the purchased motor vehicle offered for registration shall be determined as follows:

a. Ninety percent (90%) of the manufacturer's suggested retail price of the vehicle with all equipment and accessories, standard and optional, and transportation charges; or

b. Eighty-one percent (81%) of the manufacturer's suggested retail price of the vehicle with all equipment and accessories, standard and optional, and transportation charges in the case of new trucks of gross weight in excess of ten thousand (10,000) pounds; and

2. The value of the vehicle offered in trade shall be the trade-in value, as established by the reference manual.

(3) (a) The trade-in allowance permitted by subsection (1) of this section shall be for motor vehicles purchased between September 1, 2009, and ending ***June 30, 2011. The total amount of reduced tax receipts related to the trade-in allowance***~~[August 31, 2010, and]~~ shall be subject to a cap of twenty-five million dollars ($25,000,000). The trade-in allowance shall be available on a first-come, first-served basis. Implementation and application of the cap shall be determined by the department through the promulgation of an administrative regulation in accordance with KRS Chapter 13A.

(b) The administrative regulation shall include:

1. A method for new vehicle dealers and county clerks to determine the amount of the new vehicle credit cap at any point in time during the year; and

2. A notification process to all county clerks when the new vehicle credit cap has been reached during the year.

(4) When the cap established by subsection (3) of this section has been reached, ***or***~~[and]~~ for all motor vehicles purchased after June 30, ***2011***~~[2010]~~, the retail price of all motor vehicles listed in subsection (1) of this section shall be:

(a) The total consideration given, including any trade-in allowance, as attested in a notarized affidavit; or

(b) If a notarized affidavit is not available, the retail price of the motor vehicle offered for registration shall be determined as follows:

1. Ninety percent (90%) of the manufacturer's suggested retail price of the vehicle with all equipment and accessories, standard and optional, and transportation charges; or

2. Eighty-one percent (81%) of the manufacturer's suggested retail price of the vehicle with all equipment and accessories, standard and optional, and transportation charges in the case of new trucks of gross weight in excess of ten thousand (10,000) pounds.

The retail price shall not include that portion of the price of the vehicle attributable to equipment or adaptive devices necessary to facilitate or accommodate an operator or passenger with physical disabilities.

➔Section 3. KRS 141.010 is amended to read as follows:

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

(1) "Commissioner" means the commissioner of the Department of Revenue;

(2) "Department" means the Department of Revenue;

(3) "Internal Revenue Code" means the Internal Revenue Code in effect on December 31, 2006, exclusive of any amendments made subsequent to that date, other than amendments that extend provisions in effect on December 31, 2006, that would otherwise terminate, and as modified by KRS 141.0101, except that for property placed in service after September 10, 2001, only the depreciation and expense deductions allowed under Sections 168 and 179 of the Internal Revenue Code in effect on December 31, 2001, exclusive of any amendments made subsequent to that date, shall be allowed, and including the provisions of the Military Family Tax Relief Act of 2003, Pub. L. No. 108-121, effective on the dates specified in that Act;

(4) "Dependent" means those persons defined as dependents in the Internal Revenue Code;

(5) "Fiduciary" means "fiduciary" as defined in Section 7701(a)(6) of the Internal Revenue Code;

(6) "Fiscal year" means "fiscal year" as defined in Section 7701(a)(24) of the Internal Revenue Code;

(7) "Individual" means a natural person;

(8) "Modified gross income" means the greater of:

(a) Adjusted gross income as defined in Section 62 of the Internal Revenue Code of 1986, including any subsequent amendments in effect on December 31 of the taxable year, and adjusted as follows:

1. Include interest income derived from obligations of sister states and political subdivisions thereof; and

2. Include lump-sum pension distributions taxed under the special transition rules of Pub. L. No. 104-188, sec. 1401(c)(2); or

(b) Adjusted gross income as defined in subsection (10) of this section and adjusted to include lump-sum pension distributions taxed under the special transition rules of Pub. L. No. 104-188, sec. 1401(c)(2);

(9) "Gross income," in the case of taxpayers other than corporations, means "gross income" as defined in Section 61 of the Internal Revenue Code;

(10) "Adjusted gross income," in the case of taxpayers other than corporations, means gross income as defined in subsection (9) of this section minus the deductions allowed individuals by Section 62 of the Internal Revenue Code and as modified by KRS 141.0101 and adjusted as follows, except that deductions shall be limited to amounts allocable to income subject to taxation under the provisions of this chapter, and except that nothing in this chapter shall be construed to permit the same item to be deducted more than once:

(a) Exclude income that is exempt from state taxation by the Kentucky Constitution and the Constitution and statutory laws of the United States and Kentucky;

(b) Exclude income from supplemental annuities provided by the Railroad Retirement Act of 1937 as amended and which are subject to federal income tax by Public Law 89-699;

(c) Include interest income derived from obligations of sister states and political subdivisions thereof;

(d) Exclude employee pension contributions picked up as provided for in KRS 6.505, 16.545, 21.360, 61.560, 65.155, 67A.320, 67A.510, 78.610, and 161.540 upon a ruling by the Internal Revenue Service or the federal courts that these contributions shall not be included as gross income until such time as the contributions are distributed or made available to the employee;

(e) Exclude Social Security and railroad retirement benefits subject to federal income tax;

(f) Include, for taxable years ending before January 1, 1991, all overpayments of federal income tax refunded or credited for taxable years;

(g) Deduct, for taxable years ending before January 1, 1991, federal income tax paid for taxable years ending before January 1, 1990;

(h) Exclude any money received because of a settlement or judgment in a lawsuit brought against a manufacturer or distributor of "Agent Orange" for damages resulting from exposure to Agent Orange by a member or veteran of the Armed Forces of the United States or any dependent of such person who served in Vietnam;

(i) 1. For taxable years ending prior to December 31, 2005, exclude the applicable amount of total distributions from pension plans, annuity contracts, profit-sharing plans, retirement plans, or employee savings plans.

The "applicable amount" shall be:

a. Twenty-five percent (25%), but not more than six thousand two hundred fifty dollars ($6,250), for taxable years beginning after December 31, 1994, and before January 1, 1996;

b. Fifty percent (50%), but not more than twelve thousand five hundred dollars ($12,500), for taxable years beginning after December 31, 1995, and before January 1, 1997;

c. Seventy-five percent (75%), but not more than eighteen thousand seven hundred fifty dollars ($18,750), for taxable years beginning after December 31, 1996, and before January 1, 1998; and

d. One hundred percent (100%), but not more than thirty-five thousand dollars ($35,000), for taxable years beginning after December 31, 1997.

2. For taxable years beginning after December 31, 2005, exclude up to forty-one thousand one hundred ten dollars ($41,110) of total distributions from pension plans, annuity contracts, profit-sharing plans, retirement plans, or employee savings plans.

3. As used in this paragraph:

a. "Distributions" includes but is not limited to any lump-sum distribution from pension or profit-sharing plans qualifying for the income tax averaging provisions of Section 402 of the Internal Revenue Code; any distribution from an individual retirement account as defined in Section 408 of the Internal Revenue Code; and any disability pension distribution;

b. "Annuity contract" has the same meaning as set forth in Section 1035 of the Internal Revenue Code; and

c. "Pension plans, profit-sharing plans, retirement plans, or employee savings plans" means any trust or other entity created or organized under a written retirement plan and forming part of a stock bonus, pension, or profit-sharing plan of a public or private employer for the exclusive benefit of employees or their beneficiaries and includes plans qualified or unqualified under Section 401 of the Internal Revenue Code and individual retirement accounts as defined in Section 408 of the Internal Revenue Code;

(j) 1. a. Exclude the portion of the distributive share of a shareholder's net income from an S corporation subject to the franchise tax imposed under KRS 136.505 or the capital stock tax imposed under KRS 136.300; and

b. Exclude the portion of the distributive share of a shareholder's net income from an S corporation related to a qualified subchapter S subsidiary subject to the franchise tax imposed under KRS 136.505 or the capital stock tax imposed under KRS 136.300.

2. The shareholder's basis of stock held in a S corporation where the S corporation or its qualified subchapter S subsidiary is subject to the franchise tax imposed under KRS 136.505 or the capital stock tax imposed under KRS 136.300 shall be the same as the basis for federal income tax purposes;

(k) Exclude for taxable years beginning after December 31, 1998, to the extent not already excluded from gross income, any amounts paid for health insurance, or the value of any voucher or similar instrument used to provide health insurance, which constitutes medical care coverage for the taxpayer, the taxpayer's spouse, and dependents during the taxable year. Any amounts paid by the taxpayer for health insurance that are excluded pursuant to this paragraph shall not be allowed as a deduction in computing the taxpayer's net income under subsection (11) of this section;

(l) Exclude income received for services performed as a precinct worker for election training or for working at election booths in state, county, and local primary, regular, or special elections;

(m) Exclude any amount paid during the taxable year for insurance for long-term care as defined in KRS 304.14-600;

(n) Exclude any capital gains income attributable to property taken by eminent domain;

(o) Exclude any amount received by a producer of tobacco or a tobacco quota owner from the multistate settlement with the tobacco industry, known as the Master Settlement Agreement, signed on November 22, 1998;

(p) Exclude any amount received from the secondary settlement fund, referred to as "Phase II," established by tobacco companies to compensate tobacco farmers and quota owners for anticipated financial losses caused by the national tobacco settlement;

(q) Exclude any amount received from funds of the Commodity Credit Corporation for the Tobacco Loss Assistance Program as a result of a reduction in the quantity of tobacco quota allotted;

(r) Exclude any amount received as a result of a tobacco quota buydown program that all quota owners and growers are eligible to participate in;

(s) Exclude state Phase II payments received by a producer of tobacco or a tobacco quota owner;

(t) Exclude all income from all sources for active duty and reserve members and officers of the Armed Forces of the United States or National Guard who are killed in the line of duty, for the year during which the death occurred and the year prior to the year during which the death occurred. For the purposes of this paragraph, "all income from all sources" shall include all federal and state death benefits payable to the estate or any beneficiaries; and

(u) For taxable years beginning on or after January 1, 2010, exclude all military pay received by active duty members of the Armed Forces of the United States, members of reserve components of the Armed Forces of the United States, and members of the National Guard, including compensation for state active duty as described in KRS 38.205;

(11) "Net income," in the case of taxpayers other than corporations, means adjusted gross income as defined in subsection (10) of this section, minus***:***

(a) The standard deduction allowed by KRS 141.081, or, at the option of the taxpayer,~~[minus]~~ the deduction allowed by KRS 141.0202***;***~~[, minus]~~

(b) Any amount paid for vouchers or similar instruments that provide health insurance coverage to employees or their families***;***

(c) ***For taxable years beginning on or after January 1, 2010, the amount of domestic production activities deduction calculated at six percent (6%) as allowed in Section 199(a)(2) of the Internal Revenue Code for taxable years beginning before 2010;***~~[,]~~ and

(d) ***1.*** ~~[minus]~~All the deductions allowed individuals by Chapter 1 of the Internal Revenue Code as modified by KRS 141.0101 except~~[those listed below, except that deductions shall be limited to amounts allocable to income subject to taxation under the provisions of this chapter and that nothing in this chapter shall be construed to permit the same item to be deducted more than once]~~:

a.~~[(a)]~~ Any deduction allowed by the Internal Revenue Code for state or foreign taxes measured by gross or net income, including state and local general sales taxes allowed in lieu of state and local income taxes under the provisions of Section 164(b)(5) of the Internal Revenue Code;

b.~~[(b)]~~ Any deduction allowed by the Internal Revenue Code for amounts allowable under KRS 140.090(1)(h) in calculating the value of the distributive shares of the estate of a decedent, unless there is filed with the income return a statement that such deduction has not been claimed under KRS 140.090(1)(h);

c.~~[(c)]~~ The deduction for personal exemptions allowed under Section 151 of the Internal Revenue Code and any other deductions in lieu thereof;

d. ***For taxable years beginning on or after January 1, 2010, the domestic production activities deduction allowed under Section 199 of the Internal Revenue Code;***~~[and]~~

e.~~[(d)]~~ Any deduction for amounts paid to any club, organization, or establishment which has been determined by the courts or an agency established by the General Assembly and charged with enforcing the civil rights laws of the Commonwealth, not to afford full and equal membership and full and equal enjoyment of its goods, services, facilities, privileges, advantages, or accommodations to any person because of race, color, religion, national origin, or sex, except nothing shall be construed to deny a deduction for amounts

paid to any religious or denominational club, group, or establishment or any organization operated solely for charitable or educational purposes which restricts membership to persons of the same religion or denomination in order to promote the religious principles for which it is established and maintained; ***and***

f. Any deduction directly or indirectly allocable to income which is either exempt from taxation or otherwise not taxed under this chapter; and

2. Nothing in this chapter shall be construed to permit the same item to be deducted more than once;

(12) "Gross income," in the case of corporations, means "gross income" as defined in Section 61 of the Internal Revenue Code and as modified by KRS 141.0101 and adjusted as follows:

(a) Exclude income that is exempt from state taxation by the Kentucky Constitution and the Constitution and statutory laws of the United States;

(b) Exclude all dividend income received after December 31, 1969;

(c) Include interest income derived from obligations of sister states and political subdivisions thereof;

(d) Exclude fifty percent (50%) of gross income derived from any disposal of coal covered by Section 631(c) of the Internal Revenue Code if the corporation does not claim any deduction for percentage depletion, or for expenditures attributable to the making and administering of the contract under which such disposition occurs or to the preservation of the economic interests retained under such contract;

(e) Include in the gross income of lessors income tax payments made by lessees to lessors, under the provisions of Section 110 of the Internal Revenue Code, and exclude such payments from the gross income of lessees;

(f) Include the amount calculated under KRS 141.205;

(g) Ignore the provisions of Section 281 of the Internal Revenue Code in computing gross income;

(h) Exclude income from "safe harbor leases" (Section 168(f)(8) of the Internal Revenue Code);

(i) Exclude any amount received by a producer of tobacco or a tobacco quota owner from the multistate settlement with the tobacco industry, known as the Master Settlement Agreement, signed on November 22, 1998;

(j) Exclude any amount received from the secondary settlement fund, referred to as "Phase II," established by tobacco companies to compensate tobacco farmers and quota owners for anticipated financial losses caused by the national tobacco settlement;

(k) Exclude any amount received from funds of the Commodity Credit Corporation for the Tobacco Loss Assistance Program as a result of a reduction in the quantity of tobacco quota allotted;

(l) Exclude any amount received as a result of a tobacco quota buydown program that all quota owners and growers are eligible to participate in;

(m) For taxable years beginning after December 31, 2004, and before January 1, 2007, exclude the distributive share income or loss received from a corporation defined in subsection (24)(b) of this section whose income has been subject to the tax imposed by KRS 141.040. The exclusion provided in this paragraph shall also apply to a taxable year that begins prior to January 1, 2005, if the tax imposed by KRS 141.040 is paid on the distributive share income by a corporation defined in subparagraphs 2. to 8. of subsection (24)(b) of this section with a return filed for a period of less than twelve (12) months that begins on or after January 1, 2005, and ends on or before December 31, 2005. This paragraph shall not be used to delay payment of the tax imposed by KRS 141.040; and

(n) Exclude state Phase II payments received by a producer of tobacco or a tobacco quota owner;

(13) "Net income," in the case of corporations, means "gross income" as defined in subsection (12) of this section minus***:***

(a) The deduction allowed by KRS 141.0202***;***

(b) ~~[, minus]~~Any amount paid for vouchers or similar instruments that provide health insurance coverage to employees or their families***;***

(c) ***For taxable years beginning on or after January 1, 2010, the amount of domestic production activities deduction calculated at six percent (6%) as allowed in Section 199(a)(2) of the Internal Revenue Code for taxable years beginning before 2010;***~~[,]~~ and

(d) ~~[minus]~~All the deductions from gross income allowed corporations by Chapter 1 of the Internal Revenue Code and as modified by KRS 141.0101, except~~[the following]~~:

1.~~[(a)]~~ Any deduction for a state tax which is computed, in whole or in part, by reference to gross or net income and which is paid or accrued to any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or to any foreign country or political subdivision thereof;

2.~~[(b)]~~ The deductions contained in Sections 243, 244, 245, and 247 of the Internal Revenue Code;

3.~~[(c)]~~ The provisions of Section 281 of the Internal Revenue Code shall be ignored in computing net income;

4.~~[(d)]~~ Any deduction directly or indirectly allocable to income which is either exempt from taxation or otherwise not taxed under the provisions of this chapter, and nothing in this chapter shall be construed to permit the same item to be deducted more than once;

5.~~[(e)]~~ Exclude expenses related to "safe harbor leases" (Section 168(f)(8) of the Internal Revenue Code);

6.~~[(f)]~~ Any deduction for amounts paid to any club, organization, or establishment which has been determined by the courts or an agency established by the General Assembly and charged with enforcing the civil rights laws of the Commonwealth, not to afford full and equal membership and full and equal enjoyment of its goods, services, facilities, privileges, advantages, or accommodations to any person because of race, color, religion, national origin, or sex, except nothing shall be construed to deny a deduction for amounts paid to any religious or denominational club, group, or establishment or any organization operated solely for charitable or educational purposes which restricts membership to persons of the same religion or denomination in order to promote the religious principles for which it is established and maintained;

7.~~[(g)]~~ Any deduction prohibited by KRS 141.205;~~[and]~~

8.~~[(h)]~~ Any dividends-paid deduction of any captive real estate investment trust; ***and***

9. ***For taxable years beginning on or after January 1, 2010, the domestic production activities deduction allowed under Section 199 of the Internal Revenue Code;***

(14) (a) "Taxable net income," in the case of corporations that are taxable in this state, means "net income" as defined in subsection (13) of this section;

(b) "Taxable net income," in the case of corporations that are taxable in this state and taxable in another state, means "net income" as defined in subsection (13) of this section and as allocated and apportioned under KRS 141.120. A corporation is taxable in another state if, in any state other than Kentucky, the corporation is required to file a return for or pay a net income tax, franchise tax measured by net income, franchise tax for the privilege of doing business, or corporate stock tax;

(c) "Taxable net income," in the case of homeowners' associations as defined in Section 528(c) of the Internal Revenue Code, means "taxable income" as defined in Section 528(d) of the Internal Revenue Code. Notwithstanding the provisions of subsection (3) of this section, the Internal Revenue Code sections referred to in this paragraph shall be those code sections in effect for the applicable tax year; and

(d) "Taxable net income," in the case of a corporation that meets the requirements established under Section 856 of the Internal Revenue Code to be a real estate investment trust, means "real estate investment trust taxable income" as defined in Section 857(b)(2) of the Internal Revenue Code, except that a captive real estate investment trust shall not be allowed any deduction for dividends paid;

(15) "Person" means "person" as defined in Section 7701(a)(1) of the Internal Revenue Code;

(16) "Taxable year" means the calendar year or fiscal year ending during such calendar year, upon the basis of which net income is computed, and in the case of a return made for a fractional part of a year under the provisions of this chapter or under regulations prescribed by the commissioner, "taxable year" means the period for which the return is made;

(17) "Resident" means an individual domiciled within this state or an individual who is not domiciled in this state, but maintains a place of abode in this state and spends in the aggregate more than one hundred eighty-three (183) days of the taxable year in this state;

(18) "Nonresident" means any individual not a resident of this state;

(19) "Employer" means "employer" as defined in Section 3401(d) of the Internal Revenue Code;

(20) "Employee" means "employee" as defined in Section 3401(c) of the Internal Revenue Code;

(21) "Number of withholding exemptions claimed" means the number of withholding exemptions claimed in a withholding exemption certificate in effect under KRS 141.325, except that if no such certificate is in effect, the number of withholding exemptions claimed shall be considered to be zero;

(22) "Wages" means "wages" as defined in Section 3401(a) of the Internal Revenue Code and includes other income subject to withholding as provided in Section 3401(f) and Section 3402(k), (o), (p), (q), and (s) of the Internal Revenue Code;

(23) "Payroll period" means "payroll period" as defined in Section 3401(b) of the Internal Revenue Code;

(24) (a) For taxable years beginning before January 1, 2005, and after December 31, 2006, "corporation" means "corporation" as defined in Section 7701(a)(3) of the Internal Revenue Code; and

(b) For taxable years beginning after December 31, 2004, and before January 1, 2007, "corporations" means:

1. "Corporations" as defined in Section 7701(a)(3) of the Internal Revenue Code;

2. S corporations as defined in Section 1361(a) of the Internal Revenue Code;

3. A foreign limited liability company as defined in KRS 275.015;

4. A limited liability company as defined in KRS 275.015;

5. A professional limited liability company as defined in KRS 275.015;

6. A foreign limited partnership as defined in KRS 362.2-102(9);

7. A limited partnership as defined in KRS 362.2-102(14);

8. A limited liability partnership as defined in KRS 362.155(7) or in 362.1-101(7) or (8);

9. A real estate investment trust as defined in Section 856 of the Internal Revenue Code;

10. A regulated investment company as defined in Section 851 of the Internal Revenue Code;

11. A real estate mortgage investment conduit as defined in Section 860D of the Internal Revenue Code;

12. A financial asset securitization investment trust as defined in Section 860L of the Internal Revenue Code; and

13. Other similar entities created with limited liability for their partners, members, or shareholders.

For purposes of this paragraph, "corporation" shall not include any publicly traded partnership as defined by Section 7704(b) of the Internal Revenue Code that is treated as a partnership for federal tax purposes under Section 7704(c) of the Internal Revenue Code or its publicly traded partnership affiliates. As used in this paragraph, "publicly traded partnership affiliates" shall include any limited liability company or limited partnership for which at least eighty percent (80%) of the limited liability company member interests or limited partner interests are owned directly or indirectly by the publicly traded partnership;

(25) "Doing business in this state" includes but is not limited to:

(a) Being organized under the laws of this state;

(b) Having a commercial domicile in this state;

(c) Owning or leasing property in this state;

(d) Having one (1) or more individuals performing services in this state;

(e) Maintaining an interest in a pass-through entity doing business in this state;

(f) Deriving income from or attributable to sources within this state, including deriving income directly or indirectly from a trust doing business in this state, or deriving income directly or indirectly from a single-member limited liability company that is doing business in this state and is disregarded as an entity separate from its single member for federal income tax purposes; or

(g) Directing activities at Kentucky customers for the purpose of selling them goods or services.

Nothing in this subsection shall be interpreted in a manner that goes beyond the limitations imposed and protections provided by the United States Constitution or Pub. L. No. 86-272;

(26) "Pass-through entity" means any partnership, S corporation, limited liability company, limited liability partnership, limited partnership, or similar entity recognized by the laws of this state that is not taxed for federal purposes at the entity level, but instead passes to each partner, member, shareholder, or owner their proportionate share of income, deductions, gains, losses, credits, and any other similar attributes;

(27) "S corporation" means "S corporation" as defined in Section 1361(a) of the Internal Revenue Code;

(28) "Limited liability pass-through entity" means any pass-through entity that affords any of its partners, members, shareholders, or owners, through function of the laws of this state or laws recognized by this state, protection from general liability for actions of the entity; and

(29) "Captive real estate investment trust" means a real estate investment trust as defined in Section 856 of the Internal Revenue Code that meets the following requirements:

(a) 1. The shares or other ownership interests of the real estate investment trust are not regularly traded on an established securities market; or

2. The real estate investment trust does not have enough shareholders or owners to be required to register with the Securities and Exchange Commission; and

(b) 1. The maximum amount of stock or other ownership interest that is owned or constructively owned by a corporation equals or exceeds:

a. Twenty-five percent (25%), if the corporation does not occupy property owned, constructively owned, or controlled by the real estate investment trust; or

b. Ten percent (10%), if the corporation occupies property owned, constructively owned, or controlled by the real estate investment trust.

The total ownership interest of a corporation shall be determined by aggregating all interests owned or constructively owned by a corporation;

2. For the purposes of this paragraph:

a. "Corporation" means a corporation taxable under KRS 141.040, and includes an affiliated group as defined in KRS 141.200, that is required to file a consolidated return pursuant to the provisions of KRS 141.200; and

b. "Owned or constructively owned" means owning shares or having an ownership interest in the real estate investment trust, or owning an interest in an entity that owns shares or has an ownership interest in the real estate investment trust. Constructive ownership shall be determined by looking across multiple layers of a multilayer pass-through structure; and

(c) The real estate investment trust is not owned by another real estate investment trust.

➔Section 4. KRS 141.206 is amended to read as follows:

(1) As used in this section unless the context requires otherwise:

(a) For taxable years beginning after December 31, 2004, and before January 1, 2007, "pass-through entity" means a general partnership not subject to the tax imposed by KRS 141.040, including any publicly traded partnership as defined by Section 7704(b) of the Internal Revenue Code that is treated as a partnership for federal tax purposes under Section 7704(c) of the Internal Revenue Code and its publicly traded partnership affiliates. "Publicly traded partnership affiliates" shall include any limited liability company or limited partnership for which at least eighty percent (80%) of the limited liability company member interests or limited partner interests are owned directly or indirectly by the publicly traded partnership; and

(b) For all other taxable years, "pass-through entity" means pass-through entity as defined in KRS 141.010.

(2) Every pass-through entity doing business in this state shall, on or before the fifteenth day of the fourth month following the close of its annual accounting period, file a copy of its federal tax return with the form prescribed and furnished by the department.

(3) Pass-through entities shall determine net income in the same manner as in the case of an individual under KRS 141.010(9) to (11) and the adjustment required under Sections 703(a) and 1363(b) of the Internal Revenue Code. Computation of net income under this section and the computation of the partner's, member's, or shareholder's distributive share shall be computed as nearly as practicable identical with those required for federal income tax purposes except to the extent required by differences between this chapter and the federal income tax law and regulations.

(4) ~~[(a)~~ Individuals, estates, trusts, or corporations doing business in this state as a partner, member, or shareholder in a pass-through entity shall be liable for income tax only in their individual, fiduciary, or corporate capacities, and no income tax shall be assessed against the net income of any pass-through entity, except as required for S corporations by KRS 141.040(14).

(5) ***(a)*** ~~[(b)1.]~~ Every pass-through entity required to file a return under subsection (2) of this section, except publicly traded partnerships as defined in KRS 141.0401(6)(r), shall withhold Kentucky income tax on the distributive share, whether distributed or undistributed, of each***:***

1. Nonresident individual partner, member, or shareholder***; and***

2. ~~[, or each]~~Corporate partner or member that is doing business in Kentucky only through its ownership interest in a pass-through entity.

(b) Withholding shall be at the maximum rate provided in KRS 141.020 or 141.040.

(6) ***(a)*** ***Effective for taxable years beginning after December 31, 2011, every pass-through entity required to withhold Kentucky income tax as provided by subsection (5) of this section shall make a declaration and payment of estimated tax for the taxable year if:***

1. ***For a nonresident individual partner, member, or shareholder, the estimated tax liability can reasonably be expected to exceed five hundred dollars ($500); or***

2. ***For a corporate partner or member that is doing business in Kentucky only through its ownership interest in a pass-through entity, the estimated tax liability can reasonably be expected to exceed five thousand dollars ($5,000).***

(b) ***The declaration and payment of estimated tax shall contain the information and shall be filed as provided in Section 5 of this Act.***

(7) ***(a)*** ~~[2.]~~ If a pass-through entity demonstrates to the department that a partner, member, or shareholder has filed an appropriate tax return for the prior year with the department, then the pass-through entity shall not be required to withhold on that partner, member, or shareholder for the current year unless the exemption from withholding has been revoked pursuant to ***paragraph (b) of this subsection*** ~~[subparagraph 3. of this paragraph]~~.

(b) ~~[3.]~~ An exemption from withholding shall be considered revoked if the partner, member, or shareholder does not file and pay all taxes due in a timely manner. An exemption so revoked shall be reinstated only with permission of the department. If a partner, member, or shareholder who has been exempted from withholding does not file a return or pay the tax due, the department may require the pass-through entity to pay to the department the amount that should have been withheld, up to the amount of the partner's, member's, or shareholder's ownership interest in the entity. The pass-through entity shall be entitled to

recover a payment made pursuant to this ***paragraph***~~[subparagraph]~~ from the partner, member, or shareholder on whose behalf the payment was made.

~~[(c) The department may promulgate administrative regulations as needed to implement this subsection.]~~

(8)~~[(5)]~~ In determining the tax under this chapter, a resident individual, estate, or trust that is a partner, member, or shareholder in a pass-through entity shall take into account the partner's, member's, or shareholder's total distributive share of the pass-through entity's items of income, loss, deduction, and credit.

(9)~~[(6)]~~ In determining the tax under this chapter, a nonresident individual, estate, or trust that is a partner, member, or shareholder in a pass-through entity required to file a return under subsection (2) of this section shall take into account:

(a) 1. If the pass-through entity is doing business only in this state, the partner's, member's, or shareholder's total distributive share of the pass-through entity's items of income, loss, and deduction; or

2. If the pass-through entity is doing business both within and without this state, the partner's, member's, or shareholder's distributive share of the pass-through entity's items of income, loss, and deduction multiplied by the apportionment fraction of the pass-through entity as prescribed in subsection ***(12)***~~[(9)]~~ of this section; and

(b) The partner's, member's, or shareholder's total distributive share of credits of the pass-through entity.

(10)~~[(7)]~~ A corporation that is subject to tax under KRS 141.040 and is a partner or member in a pass-through entity shall take into account the corporation's distributive share of the pass-through entity's items of income, loss, and deduction and:

(a) For taxable years beginning prior to January 1, 2007, the items of income, loss, and deduction, when applicable, shall be multiplied by the apportionment fraction of the pass-through entity as prescribed in subsection ***(12)***~~[(9)]~~ of this section; or

(b) For taxable years beginning on or after January 1, 2007:

1. A corporation that owns an interest in a limited liability pass-through entity or that owns an interest in a general partnership organized or formed as a general partnership after January 1, 2006, shall include the proportionate share of the sales, property, and payroll of the limited liability pass-through entity or general partnership in computing its own apportionment factor;

2. A corporation that owns an interest in a general partnership organized or formed on or before January 1, 2006, shall follow the provisions of paragraph (a) of this subsection; and

(c) Credits from the partnership.

(11)~~[(8)]~~ (a) If a pass-through entity is doing business both within and without this state, the pass-through entity shall compute and furnish to each partner, member, or shareholder the numerator and denominator of each factor of the apportionment fraction determined in accordance with subsection ***(12)***~~[(9)]~~ of this section.

(b) For purposes of determining an apportionment fraction under paragraph (a) of this subsection, if the pass-through entity is:

1. Doing business both within and without this state; and

2. A partner or member in another pass-through entity;

then the pass-through entity shall be deemed to own the pro rata share of the property owned or leased by the other pass-through entity, and shall also include its pro rata share of the other pass-through entity's payroll and sales.

(c) The phrases "a partner or member in another pass-through entity" and "doing business both within and without this state" shall extend to each level of multiple-tiered pass-through entities.

(d) The attribution to the pass-through entity of the pro rata share of property, payroll and sales from its role as a partner or member in another pass-through entity will also apply when determining the pass-through

entity's ultimate apportionment factor for property, payroll and sales as required under subsection ***(12)***~~[(9)]~~ of this section.

(12)~~[(9)]~~ A pass-through entity doing business within and without the state shall compute an apportionment fraction, the numerator of which is the property factor, representing twenty-five percent (25%) of the fraction, plus the payroll factor, representing twenty-five percent (25%) of the fraction, plus the sales factor, representing fifty percent (50%) of the fraction, with each factor determined in the same manner as provided in KRS 141.120(8), and the denominator of which is four (4), reduced by the number of factors, if any, having no denominator, provided that if the sales factor has no denominator, then the denominator shall be reduced by two (2).

(13)~~[(10)]~~ Resident individuals, estates, or trusts that are partners in a partnership, members of a limited liability company electing partnership tax treatment for federal income tax purposes, owners of single member limited liability companies, or shareholders in an S corporation which does not do business in this state are subject to tax under KRS 141.020 on federal net income, gain, deduction, or loss passed through the partnership, limited liability company, or S corporation.

(14)~~[(11)]~~ An S corporation election made in accordance with Section 1362 of the Internal Revenue Code for federal tax purposes is a binding election for Kentucky tax purposes.

(15)~~[(12)]~~ (a) Nonresident individuals shall not be taxable on investment income distributed by a qualified investment partnership. For purposes of this subsection, a "qualified investment partnership" means a pass-through entity that, during the taxable year, holds only investments that produce income that would not be taxable to a nonresident individual if held or owned individually.

(b) A qualified investment partnership shall be subject to all other provisions relating to a pass-through entity under this section and shall not be subject to the tax imposed under KRS 141.040 or 141.0401.

(16)~~[(13)]~~ (a) ***1.*** A pass-through entity may file a composite income tax return on behalf of electing nonresident individual partners, members, or shareholders***.***

2. The pass-through entity shall report and pay on the composite income tax return~~[, reporting and paying]~~ income tax at the highest marginal rate provided in this chapter on ***any portion of*** the partners', members', or shareholders' pro rata or distributive shares of income of the pass-through entity from doing business in ***this state***~~[,]~~ or deriving income from sources within~~[,]~~ this state. ***Payments made pursuant to subsection (6) of this section shall be credited against any tax due.***

3. The pass-through entity filing a composite return shall still make estimated tax payments if required to do so by subsection (6) of this section, and shall remain subject to any penalty provided by KRS 131.180 or 141.990 for any declaration underpayment or any installment not paid on time.

4. The partners', members', or shareholders' pro rata or distributive share of income shall include all items of income or deduction used to compute adjusted gross income on the Kentucky return that is passed through to the partner, member, or shareholder by the pass-through entity, including but not limited to interest, dividend, capital gains and losses, guaranteed payments, and rents.

(b) A nonresident individual partner, member, or shareholder whose only source of income within this state is distributive share income from one (1) or more pass-through entities may elect to be included in a composite return filed pursuant to this section.

(c) A nonresident individual partner, member, or shareholder that has been included in a composite return may file an individual income tax return and shall receive credit for tax paid on the partner's behalf by the pass-through entity.

(d) A pass-through entity shall deliver to the department a return upon a form prescribed by the department showing the total amounts paid or credited to its electing nonresident individual partners, members, or shareholders, the amount paid in accordance with this subsection, and any other information the department may require. A pass-through entity shall furnish to its nonresident partner, member, or shareholder annually, but not later than the fifteenth day of the fourth month after the end of its taxable year, a record of the amount of tax paid on behalf of the partner, member, or shareholder on a form prescribed by the department.

➔SECTION 5. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO READ AS FOLLOWS:

(1) The declaration and payment of estimated tax required by subsection (6) of Section 4 of this Act shall contain the following information:

(a) For a nonresident individual partner, member, or shareholder, the amount of estimated tax calculated under KRS 141.020 for the taxable year; and

(b) For a corporate partner or member that is doing business in Kentucky only through its ownership interest in a pass-through entity, the amount of estimated tax calculated under KRS 141.040 for the taxable year.

(2) The declaration of estimated tax required under this section shall be filed with the department by the pass-through entity in the same manner and at the same times as provided by:

(a) KRS 141.300, for a nonresident individual partner, member, or shareholder; and

(b) KRS 141.042, for a corporate partner or member.

(3) The payment of estimated tax shall be made in installments by the pass-through entity in the same manner and at the same times as provided by:

(a) KRS 141.305, for a nonresident individual partner, member, or shareholder; and

(b) KRS 141.044, for a corporate partner or member.

(4) A pass-through entity required to make a declaration and payment of estimated tax shall be subject to the penalty provisions of KRS 131.180 and 141.990 for any declaration underpayment or any installment not paid on time.

➔Section 6. KRS 141.388 is amended to read as follows:

(1) As used in this section:

(a) "Approved time" means ***a period of time beginning on July 26, 2009, and ending on December 31, 2010***~~[three hundred sixty-five (365) days beginning thirty (30) days after June 26, 2009]~~;

(b) "New home tax credit cap" means a maximum of ***fifteen***~~[twenty-five]~~ million dollars ***($15,000,000)***~~[($25,000,000)]~~ allocated to qualified buyers on a first-come, first-served basis;

(c) "Purchase" means a point within the approved time when escrow closes between the qualified buyer and the seller of the qualified principal residence;

(d) "Qualified buyer" means a resident who ~~[:~~

~~1.~~]purchases a qualified principal residence; and

~~[2. Is not eligible to receive the first-time homebuyer credit allowable under Section 36 of the Internal Revenue Code; and]~~

(e) "Qualified principal residence" means a single-family dwelling which is:

1. Either detached or attached;

2. Certified by the seller as having never been occupied; and

3. Purchased to be the principal residence of the qualified buyer for a minimum of two (2) years.

(2) (a) There is hereby created a one (1) time, nonrefundable new home tax credit against the tax imposed by KRS 141.020, with the ordering of credits as provided in KRS 141.0205.

(b) The credit shall apply to the tax liability of a qualified buyer who purchases a qualified principal residence within the approved time.

(c) Within seven (7) calendar days after the purchase of a qualified principal residence, the qualified buyer shall submit via fax a completed application for the new home tax credit on forms provided by the department***, except that any qualified buyer who purchased a qualified principal residence after November 6, 2009, but before the effective date of this Act, shall have thirty (30) calendar days from the effective date of this Act to submit via fax a completed application***.

(d) 1. The new home tax credit allowable to the qualified buyer shall be equal to five thousand dollars ($5,000), unless the new home tax credit cap has been reached.

2. If the new home tax credit cap has been reached, the qualified buyer shall not receive a credit.

(e) The new home tax credit is not refundable and any unused amount in the taxable year of the purchase cannot be carried forward or back to another taxable year.

(f) Any credit that reduced the tax imposed by KRS 141.020 shall be repaid in total if the qualified buyer does not occupy the new home for at least two (2) years immediately following the purchase.

(3) To administer the new home tax credit and new home tax credit cap, the department shall:

(a) Create the application required to be filed by a qualified buyer;

(b) Promulgate administrative regulations to administer the new home tax credit, including but not limited to:

1. The process of recapture of the credit if the qualified buyer does not maintain the new home as his or her principal residence for two (2) years; and

2. How to allocate the new home tax credit between unmarried co-purchasers or between married individuals who file separate returns;

(c) Create a Web site containing the amount of the total credit allocated to date, the date the last processed application was received, and the remaining credit available to qualified buyers;

(d) Establish a dedicated telephone line to receive faxed applications;

(e) Allow the date and time stamp from the faxed application as the order within which the application was received; and

(f) Notify the qualified buyer of the allowable credit available to the qualified buyer by a credit allocation letter, which shall be submitted by the qualified buyer with his or her return.

(4) The application for the new home tax credit shall be void if:

(a) The home has been previously occupied;

(b) The application is not received within seven (7) calendar days from the purchase;~~[or]~~

(c) ***The application is not received within thirty (30) calendar days from the effective date of this Act for purchases of a qualified principal residence after November 6, 2009, but before the effective date of this Act; or***

(d) The application is received after the new home tax credit cap has been reached.

➔Section 7. KRS 148.546 is amended to read as follows:

(1) An eligible company shall, at least thirty (30) days prior to incurring any expenditure for which recovery will be sought, file an application for tax incentives with the office. The application shall include:

(a) The name and address of the applicant;

(b) The production script or a detailed synopsis of the script;

(c) The anticipated date on which filming or production shall begin;

(d) The anticipated date on which the production will be completed;

(e) The total anticipated qualifying expenditures;

(f) The total anticipated qualifying payroll expenditures for above-the-line crew;

(g) The total anticipated qualifying payroll expenditures for below-the-line crew;

(h) The address of a Kentucky location at which records of the production will be kept;

(i) An affirmation that if not for the incentive offered under KRS 148.542 to 148.546, the eligible company would not film or produce the production in the Commonwealth; and

(j) Any other information the office may require.

(2) The office shall notify the eligible company within thirty (30) days after receiving the application of its status.

(3) ***(a)*** Upon review of the application and any additional information submitted, the office shall present the application and its recommendation to the Tourism Development Finance Authority established by KRS 148.850 which may, by resolution, authorize the execution of a tax incentive agreement between the Tourism Development Finance Authority and the approved company.

(b) 1. The total amount of tax credits authorized by the Tourism Development Finance Authority during fiscal year 2010-2011 shall not exceed five million dollars ($5,000,000).

2. The total amount of tax credits authorized by the Tourism Development Finance Authority during the fiscal year 2011-2012 shall not exceed seven million five hundred thousand dollars ($7,500,000).

(4) The tax incentive agreement shall include the following provisions:

(a) The duties and responsibilities of the parties;

(b) A detailed description of the motion picture or entertainment production for which incentives are requested;

(c) The anticipated qualifying expenditures and qualifying payroll expenditures for both above-the-line and below-the-line crews;

(d) The minimum combined total of qualifying expenditures and qualifying payroll expenditures necessary for the approved company to qualify for incentives;

(e) That the approved company shall have no more than two (2) years from the date the tax incentive agreement is executed to start the motion picture or entertainment production;

(f) That the approved company shall have no more than four (4) years from the execution of the tax incentive agreement to complete the motion picture or entertainment production;

(g) That the motion picture or entertainment production shall not include obscene materials and shall not negatively impact the economy or the tourism industry of the Commonwealth;

(h) That the execution of the agreement is not a guarantee of tax incentives and that actual receipt of the incentives shall be contingent upon the approved company meeting the requirements established by the tax incentive agreement;

(i) That the approved company shall submit to the office within one hundred eighty (180) days of the completion of the motion picture or entertainment production a detailed cost report of the qualifying expenditures, qualifying payroll expenditures, and final script;

(j) That the approved company shall provide the office with documentation that the approved company has withheld income tax as required by KRS 141.310 on all qualified payroll expenditures for which an incentive under KRS 141.383 and 148.544 is sought;

(k) That, if the office determines that the approved company has failed to comply with any of its obligations under the tax incentive agreement:

1. The office may deny the incentives available to the approved company;

2. Both the office and the cabinet may pursue any remedy provided under the tax incentive agreement;

3. The office may terminate the tax incentive agreement; and

4. Both the office and the cabinet may pursue any other remedy at law to which it may be entitled;

(l) That the office shall monitor the tax incentive agreement;

(m) That the approved company shall provide to the office and the cabinet all information necessary to monitor the tax incentive agreement;

(n) That the office may share information with the cabinet or any other entity the office determines is necessary for the purposes of monitoring and enforcing the terms of the tax incentive agreement;

(o) That the motion picture or entertainment production shall contain an acknowledgment that the motion picture production was filmed or the touring show was produced in the Commonwealth of Kentucky;

(p) Terms of default;

(q) The method and procedures by which the approved company shall request and receive the incentive provided under KRS 141.383 and 148.544;

(r) That the approved company may be required to pay an administrative fee as authorized under subsection (5) of this section; and

(s) Any other provisions deemed necessary or appropriate by the parties to the tax incentive agreement.

(5) The office may require the approved company to pay an administrative fee, the amount of which shall be established by administrative regulation promulgated in accordance with KRS Chapter 13A. The administrative fee shall not exceed one-half of one percent (0.5%) of the estimated amount of tax incentive sought or five hundred dollars ($500), whichever is greater.

(6) Prior to commencement of activity as provided in a tax incentive agreement, the tax incentive agreement shall be submitted to the Government Contract Review Committee established by KRS 45A.705 for review, as provided in KRS 45A.695, 45A.705, and 45A.725.

(7) The office shall notify the cabinet upon approval of an approved company. The notification shall include the name of the approved company, the name of the motion picture or entertainment production, the estimated amount of qualifying expenditures, the estimated date on which the approved company will complete filming or production, and any other information required by the cabinet.

(8) Within one hundred eighty days (180) days of completion of the motion picture or entertainment production, the approved company shall submit to the office a detailed cost report of:

(a) Qualifying expenditures;

(b) Qualifying payroll expenditures for above-the-line crew;

(c) Qualifying payroll expenditures for below-the-line crew; and

(d) The final script.

(9) (a) The office, together with the secretary, shall review all information submitted for accuracy and shall confirm that all relevant provisions of the tax incentive agreement have been met.

(b) Upon confirmation that all requirements of the tax incentive agreement have been met, the office, and the secretary shall review the final script, and if they determine that the motion picture or entertainment production does not:

1. Contain visual or implied scenes that are obscene; or

2. Negatively impact the economy or the tourism industry of the Commonwealth;

the office shall forward the detailed cost report to the cabinet for calculation of the refundable credit.

(10) The cabinet shall verify that the approved company withheld the proper amount of income tax on qualifying payroll expenditures, and the cabinet shall notify the office of the total amount of refundable credit available on qualifying expenditures and qualifying payroll expenditures.

(11) On or before October 1, 2010, and on or before each October 1 thereafter, for the immediately preceding fiscal year, the office shall report to the Tourism Development Finance Authority:

(a) The number of tax incentive agreements that have been executed;

(b) The estimated amount of tax incentives that have been requested under KRS 141.383 and 148.542 to 148.546; and

(c) The amount of tax incentives approved under KRS 139.538, 141.383, and 148.542 to 148.546.

(12) (a) By October 1, 2010, and on or before October 1 of each year thereafter, the authority shall file an annual report with the Legislative Research Commission. The report shall also be available on the Tourism, Arts and Heritage Cabinet's Web site.

(b) The report shall include information for all motion picture or entertainment production projects approved.

(c) The report shall include the following information:

1. For each approved motion picture or entertainment production project:

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

b. The amount of approved costs included in the agreement; and

c. The total amount recovered under the tax incentive agreement;

2. The number of applications for projects submitted during the prior fiscal year;

3. The number of projects finally approved during the prior fiscal year; and

4. The total dollar amount approved for recovery for all projects approved during the prior fiscal year, and cumulatively under KRS 141.383 and 148.542 to 148.546 since its inception, by year of approval.

(d) The information required to be reported under this section shall not be considered confidential taxpayer information and shall not be subject to KRS Chapter 131 or any other provisions of the Kentucky Revised Statutes prohibiting disclosure or reporting of information.

➔Section 8. KRS 154.34-120 is amended to read as follows:

(1) ***Except as provided in subsection (5) of this section,*** for taxable years beginning after December 31, 2009, an approved company may be eligible for a nonrefundable credit of up to one hundred percent (100%) of the Kentucky income tax imposed under KRS 141.020 or 141.040, and the limited liability entity tax imposed under KRS 141.0401 that would otherwise be owed by the approved company to the Commonwealth for the approved company's tax year, on the income, Kentucky gross profits, or Kentucky gross receipts of the approved company generated by or arising from the reinvestment project.

(2) The credit allowed the approved company shall be applied against both the income tax imposed by KRS 141.020 or 141.040, and the limited liability entity tax imposed by KRS 141.0401, with credit ordering as provided in KRS 141.0205, for the tax year for which the tax return of the approved company is filed. Any credit not used in the year in which it was first available may be carried forward to subsequent years, provided that no credit may be carried forward beyond the term of the reinvestment agreement.

(3) The approved company shall not be required to pay estimated tax payments as prescribed in KRS 141.042 on the Kentucky taxable income, Kentucky gross receipts, or Kentucky gross profits generated by or arising from the eligible project.

(4) The credit provided by this section shall be determined as provided in KRS 141.415.

(5) ***(a) For an approved company which receives preliminary approval prior to February 1, 2010,*** the amount of incentives allowed in any year shall not exceed the lesser of the tax liability of the approved company related to the reinvestment project for that taxable year or the approved costs that have not yet been recovered.

(b) For an approved company which receives preliminary approval on or after February 1, 2010, the amount of incentives allowed in any year shall not exceed the lesser of the tax liability of the approved company related to the reinvestment project for that taxable year or twenty percent (20%) of the total amount of the approved costs.

(c) The incentives shall be allowed for each taxable year of the approved company during the term of the reinvestment agreement for which a tax return is filed by the approved company.

➔SECTION 9. A NEW SECTION OF KRS CHAPTER 246 IS CREATED TO READ AS FOLLOWS:

(1) The department may promulgate administrative regulations establishing license fees, testing fees, and any other fees necessary to operate and maintain a metrology lab within the department. Fees shall be established at a level that shall not exceed the actual cost of operating and maintaining the metrology lab.

(2) All amounts received from any fees imposed under subsection (1) of this section shall be deposited in a restricted fund and shall not be used for any other purpose.

➔Section 10. KRS 278.5499 is amended to read as follows:

(1) The Public Service Commission shall determine the appropriate funding mechanism for the Telecommunications Access Program established pursuant to KRS 163.525. The funding mechanism shall be designed to collect reasonably necessary funds, not to exceed ***two cents ($0.02)***~~[one cent ($.01)]~~ per access line per month, from subscribers of telecommunication utilities. The telecommunications industry shall not be required to absorb the cost of funding the Telecommunications Access Program.

(2) The Public Service Commission shall distribute the funds collected from this funding mechanism to the Commission on the Deaf and Hard of Hearing for the purpose of implementing and operating the Telecommunications Access Program. The secretary of the cabinet to which the Commission on the Deaf and Hard of Hearing is attached by statute or executive order shall establish oversight conditions with the Commission on the Deaf and Hard of Hearing to ensure the funds are being used solely for the purposes consistent with this section and KRS 163.525.

(3) The Public Service Commission, with the advice of the Commission on the Deaf and Hard of Hearing, shall initiate an investigation, conduct public hearings, and determine the appropriate funding mechanism for the Telecommunications Access Program no later than January 1, 1995. As part of this determination, the commission may review the funding mechanism for the telecommunications relay service pursuant to KRS 278.549. The commission shall consider whether a telecommunications utility experiences a competitive disadvantage resulting from the funding mechanism when compared to other telecommunication utilities.

➔Section 11. KRS 154.60-010 is amended to read as follows:

As used in this subchapter:

(1) "Average hourly wage" has the same meaning as in KRS 154.28-010;

(2) "Base employment" means:

(a) For the initial year for which credits are claimed, the number of full-time employees employed on December 31 of the base year; and

(b) For subsequent years, the greater of:

1. The number of full-time employees employed on December 31 of the base year plus each eligible position for which a credit has been claimed under KRS 141.384; or

2. The number of full-time employees employed on December 31 of the prior year;

(3) "Base year" means the later of the first full year of operation of a small business or the year that begins on or after January 1, ***2009***~~[2010]~~, and before January 1, ***2010***~~[2011]~~;

(4) "Creates and fills" means establishes a new eligible position and hires a full-time employee and replaces that employee within thirty (30) days if the employee ceases for any reason to be employed by the employer;

(5) "Eligible position" means each position that:

(a) Is filled by a full-time employee and that increases the total employment of the small business above its base employment; and

(b) Carries a base hourly wage of no less than one hundred fifty percent (150%) of the federal minimum wage;

(6) "Full-time employee" means a person employed by a small business for at least thirty-five (35) hours per week and subject to the state tax imposed by KRS 141.020;

(7) "Qualifying equipment or technology" means equipment or technology that has been approved by the Division of Small Business Services; and

(8) "Small business" has the same meaning as in KRS 154.12-325.

➔Section 12. KRS 154.60-020 is amended to read as follows:

(1) The Kentucky Economic Development Finance Authority shall develop a small business development credit program in consultation with the Division of Small Business Services to assist new or existing small businesses operating in the Commonwealth. The nonrefundable credit shall be allowed against the taxes imposed by KRS 141.020 or 141.040, and 141.0401. The ordering of credits shall be as provided in KRS 141.0205.

(2) The authority shall determine the terms, conditions, and requirements for application for the credit, in consultation with the Division of Small Business Services, subject to the provisions of subsection (3) of this section. The application shall contain identification information about the number of eligible positions created and filled, a calculation of the base employment of the small business for each year from fiscal year ***2009-2010***[~~2010-2011~~] and forward, verification of investment of five thousand dollars ($5,000) or more in qualifying equipment or technology, and other information the authority may specify to determine eligibility for the credit.

(3) (a) The maximum amount of credits that may be committed in each fiscal year by the Kentucky Economic Development Finance Authority shall be capped at three million dollars ($3,000,000).

(b) 1. A small business shall not be eligible to apply for credits and receive final approval for the credits until one (1) year after the small business:

a. Creates and fills one (1) or more eligible positions over the base employment, and that position or positions are created and filled for twelve (12) months; and

b. Invests five thousand dollars ($5,000) or more in qualifying equipment or technology.

2. The small business shall submit all information necessary for the Kentucky Economic Development Finance Authority to determine credit eligibility for each year, and the amount of credit for which the small business is eligible.

(c) The maximum amount of credit for each small business for each year shall not exceed twenty-five thousand dollars ($25,000).

(d) The credit shall be claimed on the tax return for the year during which the credit was approved. Unused credits may be carried forward for up to five (5) years.

➔Section 13. KRS 141.384 is amended to read as follows:

(1) As used in this section, "small business" has the same meaning as in KRS 154.12-325.

(2) (a) For taxable years beginning after December 31, ***2010***[~~2011~~], a small business may be eligible for a nonrefundable credit of up to one hundred percent (100%) of the Kentucky income tax imposed under KRS 141.020 or 141.040, and the limited liability entity tax imposed under KRS 141.0401.

(b) A small business that is subject to the tax imposed by KRS 141.020 or 141.040 and that has tax credits approved under Subchapter 60 of KRS Chapter 154 shall apply the credits against the income tax imposed by KRS 141.020 or 141.040 and against the limited liability entity tax imposed by KRS 141.0401, with the ordering of credits as provided in KRS 141.0205.

(c) A small business that is a pass-through entity not subject to the tax imposed by KRS 141.040 and that has tax credits approved under Subchapter 60 of KRS Chapter 154 shall apply the credits against the limited liability entity tax imposed by KRS 141.0401, and shall also distribute the amount of the approved tax credits to each partner, member, or shareholder based on the partner's, member's, or shareholder's distributive share of income as determined for the year during which the tax credits are approved, with the ordering of credits as provided in KRS 141.0205.

➔SECTION 14. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO READ AS FOLLOWS:

(1) For taxable years beginning on or after January 1, 2011, there is hereby established the Endow Kentucky tax credit.

(2) A taxpayer providing an endowment gift to a permanent endowment fund of a qualified community foundation, or county-specific component fund, or affiliate community foundation, which has been certified under Section 6 of 2010 Ky. Acts ch. 71, and meeting the requirements of subsection (7) of this section, may claim a credit against the taxes imposed by KRS 141.020 or 141.040 and 141.0401. The ordering of the credit shall be as provided in Section 15 of this Act.

(3) The credit shall be equal to twenty percent (20%) of the value of the endowment gift provided by the taxpayer, not to exceed ten thousand dollars ($10,000).

(4) The credit shall be nonrefundable, but any amount of credit that a taxpayer is not able to utilize during a particular taxable year may be carried forward for use in a subsequent taxable year, for a period not to exceed five (5) years.

(5) No tax credit claimed under this section may be sold or transferred. If the taxpayer is a pass-through entity not subject to tax under KRS 141.040, the amount of approved credit shall be applied against the tax imposed by KRS 141.0401 at the entity level, and shall also be distributed to each partner, member, or shareholder based on the partner's, member's, or shareholder's distributive share of the income of the pass-through entity.

(6) The total amount of tax credit that may be awarded under this section shall be limited to five hundred thousand dollars ($500,000) in each fiscal year.

(7) A taxpayer pursuing a tax credit under this section shall:

(a) File an application for preliminary authorization of the tax credit with the department;

(b) After receiving preliminary authorization from the department, provide an endowment gift to a qualified community foundation, county-specific component fund, or affiliate community foundation which has been certified under Section 6 of 2010 Ky. Acts ch. 71 within thirty (30) days of the date of the notice of authorization for the tax credit from the department; and

(c) Within ten (10) days of making the gift, report to the department proof of the endowment gift.

(8) (a) The department shall:

1. Create the application required to be filed by the taxpayer seeking preliminary approval for the tax credit; and

2. Publish on its Web site the amount of total credit allocated to date, the date the last processed application for preliminary approval was received, and the remaining credit available.

(b) 1. Upon receipt of an application for preliminary approval submitted under subsection (7) of this section, the department shall review the application, and if approved, the department shall issue a notice of preliminary approval to the requesting taxpayer.

2. The notice of preliminary approval shall include the amount of credit, shall notify the taxpayer that the proposed gift must be made within thirty (30) days of the date reflected on the notice of authorization, and that the taxpayer must notify the department that the gift has been made, in the form and format determined by the department, within ten (10) days of making the gift.

3. Upon preliminary approval of an application for credit, the department shall reduce the outstanding available credit cap amount to reflect the preliminary approved credit.

(c) Upon timely receipt of notification from a taxpayer preliminarily approved for a credit that the investment has been timely made, the department shall verify the information provided and, if the information is accurate, the department shall issue a final tax credit letter to the taxpayer.

(d) If a taxpayer fails to make the required investment or provide proof of the investment to the department within the time frames established by this subsection and subsection (7) of this section, the department shall void the preliminary approval and shall restore the allocated amounts to the tax credit cap.

➔Section 15. KRS 141.0205 is amended to read as follows:

If a taxpayer is entitled to more than one (1) of the tax credits allowed against the tax imposed by KRS 141.020, 141.040, and 141.0401, the priority of application and use of the credits shall be determined as follows:

(1) The nonrefundable business incentive credits against the tax imposed by KRS 141.020 shall be taken in the following order:

(a) 1. For taxable years beginning after December 31, 2004, and before January 1, 2007, the corporation income tax credit permitted by KRS 141.420(3)(a);

2. For taxable years beginning after December 31, 2006, the limited liability entity tax credit permitted by KRS 141.0401;

(b) The economic development credits computed under KRS 141.347, 141.381, 141.384, 141.400, 141.401, 141.402, 141.403, 141.407, 141.415, 154.12-2088, and 154.27-080;

(c) The certified rehabilitation credit permitted by KRS 171.397(1)(a);

(d) The health insurance credit permitted by KRS 141.062;

(e) The tax paid to other states credit permitted by KRS 141.070;

(f) The credit for hiring the unemployed permitted by KRS 141.065;

(g) The recycling or composting equipment credit permitted by KRS 141.390;

(h) The tax credit for cash contributions in investment funds permitted by KRS 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS 154.20-258;

(i) The coal incentive credit permitted under KRS 141.0405;

(j) The research facilities credit permitted under KRS 141.395;

(k) The employer GED incentive credit permitted under KRS 151B.127;

(l) The voluntary environmental remediation credit permitted by KRS 141.418;

(m) The biodiesel and renewable diesel credit permitted by KRS 141.423;

(n) The environmental stewardship credit permitted by KRS 154.48-025;

(o) The clean coal incentive credit permitted by KRS 141.428;

(p) The ethanol credit permitted by KRS 141.4242;

(q) The cellulosic ethanol credit permitted by KRS 141.4244;

(r) The energy efficiency credits permitted by KRS 141.436;~~[and]~~

(s) The railroad maintenance and improvement credit permitted by KRS 141.385***;***

(t) The Endow Kentucky tax credit permitted by Section 14 of this Act; and

(u) The new markets development program tax credit permitted by Section 18 of this Act.

(2) After the application of the nonrefundable credits in subsection (1) of this section, the nonrefundable personal tax credits against the tax imposed by KRS 141.020 shall be taken in the following order:

(a) The individual credits permitted by KRS 141.020(3);

(b) The credit permitted by KRS 141.066;

(c) The tuition credit permitted by KRS 141.069;

(d) The household and dependent care credit permitted by KRS 141.067; and

(e) The new home credit permitted by KRS 141.388.

(3) After the application of the nonrefundable credits provided for in subsection (2) of this section, the refundable credits against the tax imposed by KRS 141.020 shall be taken in the following order:

(a) The individual withholding tax credit permitted by KRS 141.350;

(b) The individual estimated tax payment credit permitted by KRS 141.305;

(c) For taxable years beginning after December 31, 2004, and before January 1, 2007, the corporation income tax credit permitted by KRS 141.420(3)(c);

(d) The certified rehabilitation credit permitted by KRS 141.382(1)(b); and

(e) The film industry tax credit allowed by KRS 141.383.

(4) The nonrefundable credit permitted by KRS 141.0401 shall be applied against the tax imposed by KRS 141.040.

(5) The following nonrefundable credits shall be applied against the sum of the tax imposed by KRS 141.040 after subtracting the credit provided for in subsection (4) of this section, and the tax imposed by KRS 141.0401 in the following order:

(a) The economic development credits computed under KRS 141.347, 141.381, 141.384, 141.400, 141.401, 141.402, 141.403, 141.407, 141.415, 154.12-2088, and 154.27-080;

(b) The certified rehabilitation credit permitted by KRS 171.397(1)(a);

(c) The health insurance credit permitted by KRS 141.062;

(d) The unemployment credit permitted by KRS 141.065;

(e) The recycling or composting equipment credit permitted by KRS 141.390;

(f) The coal conversion credit permitted by KRS 141.041;

(g) The enterprise zone credit permitted by KRS 154.45-090, for taxable periods ending prior to January 1, 2008;

(h) The tax credit for cash contributions to investment funds permitted by KRS 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS 154.20-258;

(i) The coal incentive credit permitted under KRS 141.0405;

(j) The research facilities credit permitted under KRS 141.395;

(k) The employer GED incentive credit permitted under KRS 151B.127;

(l) The voluntary environmental remediation credit permitted by KRS 141.418;

(m) The biodiesel and renewable diesel credit permitted by KRS 141.423;

(n) The environmental stewardship credit permitted by KRS 154.48-025;

(o) The clean coal incentive credit permitted by KRS 141.428;

(p) The ethanol credit permitted by KRS 141.4242;

(q) The cellulosic ethanol credit permitted by KRS 141.4244;

(r) The energy efficiency credits permitted by KRS 141.436;

(s) The ENERGY STAR home or ENERGY STAR manufactured home credit permitted by KRS 141.437;

(t) The railroad maintenance and improvement credit permitted by KRS 141.385;~~[and]~~

(u) The railroad expansion credit permitted by KRS 141.386***;***

(v) The Endow Kentucky tax credit permitted by Section 14 of this Act; and

(w) The new markets development program tax credit permitted by Section 18 of this Act.

(6) After the application of the nonrefundable credits in subsection (5) of this section, the refundable credits shall be taken in the following order:

(a) The corporation estimated tax payment credit permitted by KRS 141.044;

(b) The certified rehabilitation credit permitted by KRS 141.382(1)(b); and

(c) The film industry tax credit allowed in KRS 141.383.

➔SECTION 16. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO READ AS FOLLOWS:

As used in Sections 16 to 18 of this Act, unless the context requires otherwise:

(1) "Applicable percentage" means zero percent (0%) for each of the first two (2) credit allowance dates, seven percent (7%) for the third credit allowance date, and eight percent (8%) for the next four (4) credit allowance dates;

(2) "Credit allowance date" means, with respect to any qualified equity investment:

(a) The date on which the investment is initially made; and

(b) Each of the six (6) anniversary dates of that date thereafter;

(3) "Long-term debt security" means any debt instrument issued by a qualified community development entity, at par value or a premium, with an original maturity date of at least seven (7) years from the date of its issuance, with no acceleration of repayment, amortization, or prepayment features prior to its original maturity date. The qualified community development entity that issues the debt instrument may not make cash interest payments on the debt instrument during the period commencing with its issuance and ending on its final credit allowance date in excess of the cumulative operating income, as defined in the regulations promulgated under 26 U.S.C. sec. 45D, of the qualified community development entity for the same period. The foregoing shall in no way limit the holder's ability to accelerate payments on the debt instrument in situations where the qualified community development entity has defaulted on covenants designed to ensure compliance with Sections 16 to 18 of this Act or 26 U.S.C. sec. 45D;

(4) "Purchase price" means the amount paid to a qualified community development entity that issues a qualified equity investment for the qualified equity investment;

(5) "Qualified active low-income community business" has the same meaning given that term in 26 U.S.C. sec. 45D. A business shall be considered a qualified active low-income community business for the duration of the qualified community development entity's investment in, or loan to, the business if the entity reasonably expects, at the time it makes the investment or loan, that the business will continue to satisfy the requirements for being a qualified active low-income community business throughout the entire period of the investment or loan. The term excludes any business that derives or projects to derive fifteen percent (15%) or more of its annual revenue from the rental or sale of real estate. This exclusion does not apply to a business that is controlled by, or under common control with, another business if the second business:

(a) Does not derive or project to derive fifteen percent (15%) or more of its annual revenue from the rental or sale of real estate; and

(b) Is the primary tenant of the real estate leased from the first business;

(6) "Qualified community development entity" has the same meaning given that term in 26 U.S.C. sec. 45D; provided that the entity has entered into, or is controlled by an entity that has entered into, an allocation agreement with the Community Development Financial Institutions Fund of the United States Treasury Department with respect to credits authorized by 26 U.S.C. sec. 45D, which includes the Commonwealth of Kentucky within the service area set forth in such allocation agreement;

(7) "Qualified equity investment" means any equity investment in, or long-term debt security issued by, a qualified community development entity that:

(a) Is acquired after the effective date of this Act at its original issuance solely in exchange for cash;

(b) Has at least eighty-five percent (85%) of its cash purchase price used by the issuer to make qualified low-income community investments in qualified active low-income community businesses located in the Commonwealth of Kentucky by the second anniversary of the initial credit allowance date; and

(c) Is designated by the issuer as a qualified equity investment under this subsection and is certified by the department as not exceeding the limitation contained in Section 18 of this Act. This term shall include any qualified equity investment that does not meet the provisions of paragraph (a) of this subsection if the investment was a qualified equity investment in the hands of a prior holder. The qualified community development entity shall keep sufficiently detailed books and records with respect to the investments made with the proceeds of the qualified equity investments to allow the direct tracing of the proceeds into qualified low-income community investments in qualified active low-income community businesses in the Commonwealth of Kentucky;

(8) "Qualified low-income community investment" means any capital or equity investment in, or loan to, any qualified active low-income community business made after the effective date of this Act. With respect to any one (1) qualified active low-income community business, the maximum amount of qualified low-income community investments that may be made in the business, on a collective basis with all of its affiliates, with the proceeds of qualified equity investments that have been certified under Section 17 of this Act shall be ten million dollars ($10,000,000) whether made by one (1) or several qualified community development entities;

(9) "Tax credit" means a nonrefundable credit against the taxes imposed by KRS 141.020, 141.040, 141.0401, 136.320, 136.330, 136.340, 136.350, 136.370, 136.390, or 304.3-270. For the credit against the taxes imposed by KRS 141.020, 141.040, or 141.0401, the ordering of the credits shall be as provided in Section 15 of this Act. An insurance company claiming a tax credit against the insurance premium tax is not required to pay additional retaliatory tax levied pursuant to KRS 304.3-270; and

(10) "Taxpayer" means any individual or entity subject to the tax imposed by KRS 141.020, 141.040, 141.0401, 136.320, 136.330, 136.340, 136.350, 136.370, 136.390, or 304.3-270.

➔SECTION 17. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO READ AS FOLLOWS:

(1) A qualified community development entity that seeks to have an equity investment or long-term debt security certified as a qualified equity investment and eligible for the tax credit permitted by Section 18 of this Act shall apply to the department. The qualified community development entity shall submit an application on a form that the department provides that shall include but not be limited to:

(a) The name, address, tax identification number, and evidence of the certification of the entity as a qualified community development entity;

(b) A copy of an allocation agreement executed by the entity or its controlling entity and the Community Development Financial Institutions Fund, which includes the Commonwealth of Kentucky in its service area;

(c) A certificate executed by an executive officer of the entity attesting that the allocation agreement remains in effect and has not been revoked or canceled by the Community Development Financial Institutions Fund;

(d) A description of the proposed amount, structure, and purchaser of the equity investment or long-term debt security;

(e) The name and tax identification number of any person or entity eligible to utilize tax credits as a result of the issuance of the qualified equity investment;

(f) Information regarding the proposed use of proceeds from the issuance of the qualified equity investment; and

(g) A nonrefundable application fee in an amount set by the department. This fee shall be paid to the department and shall be required of each application submitted.

(2) The department shall review applications in the order in which they are received. Within thirty (30) days after receipt of a completed application containing the information necessary for the department to certify a potential qualified equity investment, including the payment of the application fee, the department shall approve or deny the application. If the department intends to deny the application, it shall inform the qualified community development entity, by written notice sent via certified mail and any other such means deemed feasible by the department, of the grounds for the denial. Upon receipt of the notice of intended denial by the qualified community development entity:

(a) If the qualified community development entity provides any additional information required by the department or otherwise completes its application within fifteen (15) days, the application shall be considered completed as of the original date of submission, however the department shall have an additional thirty (30) days to either approve or deny the application as completed; or

(b) If the qualified community development entity fails to provide the information or complete its application within the fifteen (15) day period, the application shall be deemed denied and must be resubmitted in full with a new submission date.

(3) If the application is deemed complete, the department shall certify the proposed equity investment or long-term debt security as a qualified equity investment and eligible for tax credits under Sections 16 to 18 of this Act, subject to the annual cap limitations contained in Section 18 of this Act. The department shall provide written notice sent via certified mail and any other means deemed feasible by the department, of the certification to the qualified community development entity. The notice shall include the names of those taxpayers who are eligible to claim the credits and their respective credit amounts. If the names of the persons or entities that are eligible to claim the credits change due to a transfer of a qualified equity investment or a change in an allocation pursuant to Section 18 of this Act, the qualified community development entity shall notify the department of such change.

(4) Within ninety (90) days after receipt of the notice of certification, the qualified community development entity shall issue the qualified equity investment and receive cash in the amount of the certified purchase price. The qualified community development entity shall provide the department with evidence of the receipt of the cash investment within ten (10) business days after receipt. If the qualified community development entity does not receive the cash investment and issue the qualified equity investment within ninety (90) days following receipt of the certification notice, the certification shall lapse, and the entity may not issue the qualified equity investment without reapplying to the department for certification. A certification that lapses shall revert back to the department and may be reissued only in accordance with the application process outlined in this section.

(5) The department shall certify qualified equity investments in the order applications are received by the department. Applications received on the same day shall be deemed to have been received simultaneously. For applications received on the same day and deemed complete, the department shall certify, consistent with remaining tax credit capacity, qualified equity investments in proportionate percentages based upon the ratio of the amount of qualified equity investment requested in an application to the total amount of qualified equity investments requested in all applications received on the same day. If a pending request cannot be fully certified because of the limitations contained in Section 18 of this Act, the department shall certify the portion that may be certified unless the qualified community development entity elects to withdraw its request rather than receive partial credit.

(6) (a) The department may recapture any portion of a tax credit allowed under this section if:

1. Any amount of federal tax credit that might be available with respect to the qualified equity investment that generated the tax credit under this section is recaptured under 26 U.S.C. sec. 45D. In such case, the department's recapture shall be proportionate to the federal recapture with respect to the qualified equity investment;

2. The qualified community development entity redeems or makes a principal repayment with respect to the qualified equity investment that generated the tax credit prior to the final credit allowance date of the qualified equity investment. In such case, the department's recapture shall be proportionate to the amount of the redemption or repayment with respect to the qualified equity investment; or

3. The qualified community development entity fails to invest at least eighty-five percent (85%) of the purchase price of the qualified equity investment in qualified low-income community investments in qualified active low-income community businesses located in the Commonwealth of Kentucky within twenty-four (24) months of the issuance of the qualified equity investment and maintain this level of investment in qualified low-income community investments in qualified active low-income community businesses located in the Commonwealth of Kentucky until the last credit allowance date for the qualified equity investment. For purposes of calculating the amount of qualified low-income community investments held by a qualified community development entity, an investment shall be considered held by the qualified community development entity even if the investment has been sold or repaid; provided that the qualified community development entity reinvests an amount equal to the capital returned to or recovered from the original investment, exclusive of any profits realized, in another qualified active low-income community business in this state within twelve (12) months of the receipt of the capital. A qualified community development entity shall not be required to reinvest capital returned from qualified low-income community investments after the sixth anniversary of the issuance of the qualified equity investment, the proceeds of which were used to make the qualified low-income community investment, and the qualified low-income community investment shall be considered held by the issuer through the qualified equity investment's final credit allowance date.

(b) The department shall provide written notice sent via certified mail or other means deemed feasible by the department, to the qualified community development entity of any proposed recapture of tax credits pursuant to this subsection. The entity shall have ninety (90) days to cure any deficiency indicated in the department's original recapture notice and avoid such recapture. If the entity fails or is unable to cure the deficiency within the ninety (90) day period, the department shall provide the entity and the taxpayer from whom the credit is to be recaptured with a final order of recapture. Any

tax credit for which a final recapture order has been issued shall be recaptured by the department from the taxpayer who claimed the tax credit on a tax return.

(7) No later than one hundred twenty (120) days after the effective date of this Act, the department shall through administrative regulations promulgated in accordance with KRS Chapter 13A provide rules to implement the provisions of Sections 16 to 18 of this Act, and to administer the allocation of tax credits issued for qualified equity investments.

➔SECTION 18. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO READ AS FOLLOWS:

(1) There is hereby created a Kentucky New Markets Development Program tax credit.

(2) A person or entity that makes a qualified equity investment earns a vested right to the tax credit created by subsection (1) of this section. The amount of the credit shall be equal to thirty-nine percent (39%) of the purchase price of the qualified equity investment made by the person or entity claiming the credit. The tax credit may be utilized as follows:

(a) The holder of the qualified equity investment on a particular credit allowance date of the qualified equity investment, whether it be the original purchaser or subsequent holder of the qualified equity investment, may utilize a portion of the tax credit against its tax liability for the taxable year that includes the credit allowance date equal to the applicable percentage for the credit allowance date multiplied by the purchase price paid for the qualified equity investment;

(b) Any tax credit that a taxpayer may not utilize during a particular year may be carried forward for use in any subsequent tax year; and

(c) An insurance company claiming a tax credit against the insurance premium tax is not required to pay additional retaliatory tax levied pursuant to KRS 304.3-270.

(3) No tax credit claimed under this section may be sold or transferred. Tax credits that a partnership, limited liability company, S corporation, or other pass-through entity claims may be allocated to the partners, members, or shareholders of the entity for their direct use in accordance with the provisions of any agreement among the partners, members, or shareholders.

(4) The total amount of tax credits that may be awarded by the department pursuant to Sections 16 to 18 of this Act shall be limited to five million dollars ($5,000,000) in each fiscal year. Once the department has certified a cumulative amount of qualified equity investments that can result in the utilization of this total amount of tax credits in a fiscal year, the department may not certify any more qualified equity investments. This limitation on qualified equity investments shall be based on scheduled utilization of tax credits without regard to the potential for taxpayers to carry forward tax credits to subsequent tax years.

➔Section 19. KRS 141.430 is amended to read as follows:

(1) As used in this section, unless the context requires otherwise:

(a) "Approved company" has the same meaning as set forth in KRS 154.48-010;

(b) "Project" has the same meaning as set forth in KRS 154.48-010;

(c) "Tax credit" means the tax credit allowed in KRS 154.48-025;

(d) "Kentucky gross profits" means Kentucky gross profits as defined in KRS 141.0401; and

(e) "Kentucky gross receipts" means Kentucky gross receipts as defined in KRS 141.0401.

(2) ***(a) For taxable years ending prior to the effective date of this Act,*** an approved company shall determine the income tax credit as follows:

~~[(a)~~]1. ***a.*** Compute the tax imposed by KRS 141.040 or the tax imposed by KRS 141.020 on the taxable net income of the corporation or taxable net income of the individual for the first taxable year after December 31, 2005, that ends immediately prior to the activation date defined in KRS 154.48-010(1);

b.~~[2.]~~ Compute the limited liability entity tax imposed under KRS 141.0401, if applicable, for the first taxable year after December 31, 2005, that ends immediately prior to the activation date defined in KRS 154.48-010(1); and

c.~~[3.]~~ Add the amounts computed under ***subdivisions a. and b.***~~[subparagraphs 1. and 2.]~~ of this ***subparagraph***~~[paragraph]~~ and, if applicable, subtract the credit permitted by KRS 141.0401(3) from that sum. The resulting amount shall be the net tax for purposes of this paragraph.

2. ***a.***~~[(b) 1.]~~ For each taxable year beginning with the year in which the activation date defined in KRS 154.48-010(1) occurs and ending with the year in which the agreement terminates as referenced in KRS 154.48-025(5), compute the tax imposed by KRS 141.040 or the tax imposed by KRS 141.020 on the taxable net income for the current taxable year;

b.~~[2.]~~ Using the same method used under paragraph ***(a)1.b.***~~[(a)2.]~~ of this subsection, for each taxable year beginning with the year in which the activation date defined in KRS 154.48-010(1) occurs and ending with the year in which the agreement terminates as referenced in KRS 154.48-025(5), compute the limited liability entity tax imposed under KRS 141.0401 for the current taxable year; and

c.~~[3.]~~ Add the amounts computed under ***subdivisions a. and b.***~~[subparagraphs 1. and 2.]~~ of this ***subparagraph***~~[paragraph]~~ and, if applicable, subtract the credit permitted by KRS 141.0401(3) from that sum. The resulting amount shall be the net tax for purposes of this paragraph.

(b) For taxable years ending on or after the effective date of this Act:

1. Compute the net tax in the same manner as in paragraph (a)1. of this subsection, except the amount determined under paragraph (a)1.c. of this subsection shall be multiplied by fifty percent (50%); and

2. Compute the net tax in the same manner as in paragraph (a)2. of this subsection.

(c) ***1. For taxable years ending before the effective date of this Act,*** the income tax credit shall be the amount that the computation under paragraph ***(a)2.c.***~~[(b)3.]~~ of this subsection exceeds the amount computed under paragraph ***(a)1.c.***~~[(a)3.]~~ of this subsection, subject to the limitations provided by KRS 154.48-025.

2. For taxable years ending on or after the effective date of this Act, the income tax credit shall be the amount that the computation under paragraph (b)2. of this subsection exceeds the amount computed under paragraph (b)1. of this subsection, subject to the limitations provided by KRS 154.48-025.

(3) An approved company that is a pass-through entity not subject to the tax imposed by KRS 141.040 shall be subject to income tax on the net income attributable to the project at the rates provided in KRS 141.020. The amount of the credit shall be determined as provided in subsection (2) of this section. The credit shall apply to both the tax imposed by KRS 141.0401 and the tax imposed by KRS 141.020, with the ordering of credits as provided in KRS 141.0205. Upon the annual election of the approved company, in lieu of the tax credit, an amount shall be applied as an estimated tax payment equal to the tax computed in this section. Any estimated tax payment made pursuant to this paragraph shall be in satisfaction of the tax liability of the partners, members, or shareholders of the pass-through entity and shall be paid on behalf of the partners, members, shareholders, or beneficiaries.

(4) The department may promulgate administrative regulations and require the filing of forms designed by the department to reflect the intent of the provisions of this section.

➔SECTION 20. A NEW SECTION OF KRS 164.740 TO 164.7891 IS CREATED TO READ AS FOLLOWS:

(1) To ensure the public health purpose of access to pharmaceutical services in the coal-producing counties of the Commonwealth, which have been traditionally underserved for pharmaceutical services due to a shortage of pharmacists in the Commonwealth, the General Assembly hereby establishes a coal county scholarship program to provide eligible Kentucky students the opportunity to attend an accredited school of pharmacy or a provisionally accredited school of pharmacy in the Commonwealth, and to become certified pharmacists in the Commonwealth, provided that the scholarship recipient agrees to practice pharmacy in a coal-producing county for each year a scholarship is provided.

(2) "Coal-producing county" as used in this section has the same meaning as in KRS 42.4592(1)(c).

(3) The authority may award scholarships, to the extent funds are available for that purpose, to any person who:

(a) Is a Kentucky resident;

(b) Is a United States citizen as determined by the institution in accordance with criteria established by the Council on Postsecondary Education for the purposes of admission and tuition assessment;

(c) Is enrolled or accepted for enrollment in a Pharm.D. program at an accredited institution or a provisionally accredited institution in the Commonwealth on a full-time basis, or is a student who has a disability defined by Title II of the Americans with Disabilities Act, 42 U.S.C. secs. 12131 et seq., certified by a licensed physician to be unable to attend the eligible program of study full-time because of the disability;

(d) Agrees to render one (1) year of qualified service in a coal-producing county of the Commonwealth for each year the scholarship was awarded. "Qualified service" means a full-time practice in a coal-producing county of the Commonwealth of Kentucky as a licensed pharmacist for a majority of the calendar year, except that an individual having a disability defined by Title II of the Americans with Disabilities Act, 42 U.S.C. secs. 12131 et seq., whose disability, certified by another licensed physician, prevents him or her from practicing full-time, shall be deemed to perform qualified service by practicing the maximum time permitted by the attending physician, in the coal-producing county; and

(e) Agrees to sign a promissory note as evidence of the scholarship awarded and the obligation to repay the scholarship amount or render pharmacy service as agreed in lieu of payment.

(4) (a) Notwithstanding KRS 164.753(3), the amount of the scholarship awarded to an eligible student by the authority shall not exceed the difference between the prevailing amount charged for in-state tuition at the University of Kentucky College of Pharmacy and the prevailing amount charged for tuition at the institution at which the student is enrolled. The authority shall establish, by administrative regulation a procedure for awarding scholarships which shall give preference to students residing in coal-producing counties and which shall establish procedures to award scholarships should funding be insufficient to award scholarships to all eligible students. The authority may also, by administrative regulation, establish scholarship amounts based on demonstration of initial financial need by eligible students.

(b) The actual amount of the scholarship awarded to each eligible student by the authority for each semester shall be based on the amount of funds available and the criteria established under paragraph (a) of this subsection.

(5) (a) The authority shall require each student receiving a scholarship to execute a promissory note as evidence of the obligation.

(b) The recipient shall render one (1) year of qualified service in a coal-producing county for each year the scholarship was awarded. Upon completion of each year of qualified service in a coal-producing county, the authority shall cancel the appropriate number of promissory notes. Promissory notes shall be canceled by qualified service in the order in which the promissory notes were executed. Service credit shall not include residency service.

(c) If a recipient fails to complete an eligible program of study, or fails to render service as a pharmacist as agreed in this subsection, the recipient shall be liable for the total repayment of the sum of all outstanding promissory notes and accrued interest.

(6) Any person who is in default on any obligation to the authority under any program administered by the authority under KRS 164.740 to 164.785 shall not be awarded a scholarship or have a promissory note canceled until all financial obligations to the authority are satisfied, except that ineligibility for this reason may be waived by the authority for cause.

(7) A repayment obligation imposed by this section shall not be voidable by reason of the age of the recipient at the time of executing the promissory note.

(8) Failure to meet repayment obligations imposed by this section shall be cause for the revocation of the scholarship recipient's license to practice pharmacy, subject to the procedures set forth in KRS Chapter 311.

(9) Notwithstanding KRS 164.753(3), the authority shall establish by administrative regulation procedures for the administration of this program, including but not limited to the execution of appropriate contracts and promissory notes, cancellation of obligations, the rate of repayment, and deferment of repayment of outstanding debt.

(10) Notwithstanding any other statute to the contrary, the maximum interest rate applicable to repayment of a promissory note under this section shall be twelve percent (12%) per annum, except that if a judgment is rendered to recover payment, the judgment shall bear interest at the rate of five percent (5%) greater than the rate actually charged on the promissory note.

(11) (a) The coal county pharmacy scholarship fund is hereby created as a revolving fund in the State Treasury to be administered by the Kentucky Higher Education Assistance Authority for the purpose of providing scholarships to qualifying students studying pharmacy in schools in the Commonwealth.

(b) The fund shall consist of amounts transferred from coal severance tax receipts as provided in paragraph (c) of this subsection and any other proceeds from grants, contributions, appropriations, or other moneys made available for the fund.

(c) 1. Receipts from the coal severance tax levied under KRS 143.020 shall be transferred to the fund on an annual basis in an amount not to exceed the lesser of:

a. Four percent (4%) of the total annual coal severance tax revenues collected under KRS 143.020; or

b. The amount necessary to provide full funding for all students who qualify for a scholarship under this section, considering all other resources available.

2. Transfers required by subparagraph 1. of this section shall be made as follows:

a. On or before August 1 of each year, sixty-five percent (65%) of the amount of funding provided for in paragraph (c) of this subsection shall be transferred to the fund; and

b. The remaining thirty-five percent (35%) shall be transferred on or before December 1 of each year.

3. The amount transferred shall be based upon the prevailing revenue estimate for coal severance tax receipts at the time each transfer is made.

4. The calculation and transfer of funds under this subsection shall be made only after the quarterly installment of the annual nineteen million dollars ($19,000,000) allocation of coal severance tax revenues has been credited to the benefit reserve fund within the Workers' Compensation Funding Commission as required by KRS 342.122.

(d) Any unallotted or unencumbered balances in the trust fund shall be invested as provided in KRS 42.500(9).

(e) Income earned from the investments shall be credited to the trust fund.

(f) Notwithstanding KRS 45.229, any fund balance at the close of the fiscal year shall not lapse but shall be carried forward to the next fiscal year.

(g) All amounts included in the fund shall be continuously appropriated only for the purposes specified in this section.

(h) A general statement that all continuing appropriations are repealed, discontinued, or suspended shall not operate to repeal, discontinue, or suspend this fund or to repeal this action.

(i) All moneys repaid to the authority under this section shall be added to the fund.

➔Section 21. The following KRS section is repealed:

164.7901 Pharmacy Scholarship Program.

➔Section 22. **Waste Tire Trust Fund:** Notwithstanding KRS 224.50-868(1), the new tire fee shall continue to be collected until June 30, 2012, to continue the waste tire program authorized by KRS 224.50-850 to 224.50-880. Notwithstanding KRS 224.50-880, the Energy and Environment Cabinet shall utilize no more than 25 percent of the funds collected for administration. All other funds shall be utilized, in accordance with the above referenced statutes, for waste tire amnesty programs, crumb rubber grants, tire-derived fuel programs, and other projects that will manage waste tires as appropriate to protect human health, safety, and the environment, or to develop markets for waste tires.

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

➔Section 24. **Sale of Abandoned Property by Finance and Administration Cabinet:** Notwithstanding KRS 393.125, unclaimed securities held by the Department of the Treasury may be sold with the receipts, net of estimated claims to be paid, available for appropriation to the General Fund during the 2010-2012 biennium. The Secretary of the Finance and Administration Cabinet shall determine when to initiate the sale of securities based on the market structure and the financial status of the Commonwealth at the time.

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

➔Section 26. **License Tax on Insurance Companies:** Notwithstanding any other statutory provision to the contrary, no license fee or tax imposed under KRS 91A.080 shall apply to premiums paid to insurance companies or surplus lines brokers by non-profit self-insurance groups whose membership consists of cities, counties, charter county governments, urban-county governments, consolidated local governments, school districts, or any other political subdivisions of the Commonwealth.

➔Section 27. **Expedited Protest Resolution:** Notwithstanding KRS 131.175, 131.180, 131.183, and any other law to the contrary, any tax assessment that, as of January 19, 2010, has: (1) Been protested pursuant to KRS 131.110(1); (2) Not been the subject of a final ruling issued pursuant to KRS 131.110(3); and (3) Not been subject to the provisions of KRS 44.030, 131.500, 131.515, 135.050, or 141.310(14), shall be considered satisfied and paid in full if the taxpayer pays the entire amount of the tax assessed, exclusive of interest and penalties, on or after the effective date of this Act and before July 31, 2010. Any payment of tax made pursuant to this section shall be final and irrevocable and not subject to refund or recovery in the future.

➔Section 28. Section 2 of this Act applies retroactively to June 26, 2009.

➔Section 29. The amendments to KRS 141.388(1)(a) and (b) contained in Section 6 of this Act apply to all purchases of qualified residences within the approved time, as those terms are defined within that subsection. The amendments to KRS 141.388(1)(d), (2), and (4) contained in Section 6 of this Act apply to purchases of qualified residences after November 6, 2009.

➔Section 30. Sections 22 to 26 of this Act are effective for and apply to the fiscal year beginning July 1, 2010, and ending June 30, 2011, and the fiscal year beginning July 1, 2011, and ending June 30, 2012, and shall expire at the end of June 30, 2012.

➔Section 31. Whereas this Act applies to the balancing of the Executive Branch Budget, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Signed by Governor June 4, 2010.

CHAPTER 3

(HB 3)

AN ACT relating to appropriations providing financing and conditions for the operations, maintenance, support, and functioning of the government of the Commonwealth of Kentucky.

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

PART I

OPERATING BUDGET

(1) Funds Appropriations: There is appropriated out of the General Fund, Road Fund, Restricted Funds accounts, Federal Funds accounts, or Bond Funds accounts for the fiscal year beginning July 1, 2010, and ending June 30, 2011, and for the fiscal year beginning July 1, 2011, and ending June 30, 2012, the following discrete sums, or so much thereof as may be necessary. Appropriated funds are included pursuant to KRS 48.700 and 48.710. Each appropriation is made by source of respective fund or funds accounts. Appropriations for the budget units of the Transportation Cabinet are subject to the provisions of Chapters 12, 42, 45, and 48 of the Kentucky Revised Statutes and compliance with the conditions and procedures set forth in this Act.

A. TRANSPORTATION CABINET

Budget Units

1. GENERAL ADMINISTRATION AND SUPPORT

	2010-11	**2011-12**
Restricted Funds	20,000	20,000
Road Fund	68,791,100	69,188,100
TOTAL	68,811,100	69,208,100

(1) Biennial Highway Construction Plan: The Secretary of the Transportation Cabinet is directed to produce a single document that contains two separately identified sections, as follows:

Section 1 shall detail the enacted fiscal biennium 2010-2012 Biennial Highway Construction Program and Section 2 shall detail the Highway Preconstruction Program Plan for fiscal year 2010-2011 through fiscal year 2015-2016 as identified by the First Extraordinary Session of the 2010 General Assembly. This document shall mirror in data type and format the fiscal year 2008-2014 Recommended Six Year Road Plan as submitted to the 2008 General Assembly. The document shall be published and distributed to members of the General Assembly and the public within 60 days of adjournment of the 2010 First Extraordinary Session of the General Assembly.

~~[The Secretary of the Transportation Cabinet shall report quarterly to the Interim Joint Committee on Transportation all projects included in the enacted Six Year Road Plan which have been delayed due to unforeseen circumstances. The report shall include:~~

~~(a) The county name;~~

~~(b) The Transportation Cabinet project identification number;~~

~~(c) The route where the project is located;~~

~~(d) The length of the project;~~

~~(e) A description of the project and the scope of improvement;~~

~~(f) The type of local, state, or federal funds to be used on the project;~~

~~(g) The stage of development for the design, right-of-way, utility, and construction phases;~~

~~(h) The fiscal year in which each phase of the project was scheduled to commence;~~

~~(i) The estimated cost for each phase of the project;~~

~~(j) A detailed description of the circumstances leading to the delay; and~~

~~(k) The same information required in paragraphs (a) to (i) of this subsection for the project or projects advanced with funds initially scheduled for the delayed project.]~~ *(Veto Item #1)*

(2) Debt Service: Included in the above Road Fund appropriation is $7,291,100 in fiscal year 2010-2011 and $7,301,200 in fiscal year 2011-2012 for debt service on previously authorized bonds for the new Transportation Cabinet office building and parking structure.

(3) Adopt-A-Highway Litter Program: The Transportation Cabinet and the Energy and Environment Cabinet may receive, accept, and solicit grants, contributions of money, property, labor, or other things of value from any governmental agency, individual, nonprofit organization, or private business to be used for the Adopt-a-Highway

Litter Program or other statewide litter programs. Any contribution of this nature shall be deemed to be a contribution to a state agency for a public purpose and shall be treated as Restricted Funds under KRS Chapter 45 and reported according to KRS Chapter 48, and shall not be subject to restrictions set forth under KRS Chapter 11A.

(4) SAFE Patrol Program: The Transportation Cabinet shall continue the SAFE Patrol Program at the current service level. The primary mission of the Cabinet's SAFE Patrol shall be motorist assistance. The SAFE Patrol shall be restricted to providing only assistance services on interstates, parkways, and other limited-access highways.

(5) Review of Contract Expenditures: The Secretary of the Transportation Cabinet shall maximize Road Fund resources through a review of the Transportation Cabinet's contract expenditures. To achieve this maximization of Road Fund resources, the Transportation Cabinet shall:

(a) Rebid or renegotiate contracts where current economic conditions have reduced the cost of the services, goods, or commodities at issue;

(b) Review vendor performance to identify and control cost overruns and underperformance of contractual terms, and maintain an updated list of such contracts;

(c) Monitor and document contract performance and oversight in a readily reviewable format;

(d) Implement billing standards to allow meaningful auditing of personal service contracts;

(e) Reduce legal services contracts by requiring utilization of in-house counsel;

(f) Reduce engineering services contracts by requiring utilization of in-house engineering and planning, where feasible;

(g) Document cost overruns in all monitored information technology (IT) contracts and develop written evaluations of their effectiveness; and

(h) Reduce sole source contracts to promote savings through the competitive bidding process.

The Transportation Cabinet shall report to the Legislative Research Commission no later than December 1, 2010, the maximization of Road Fund resources achieved through the review of contract expenditures.

2. AVIATION

	2010-11	**2011-12**
Restricted Funds	3,150,400	3,149,100
Federal Funds	15,000	15,000
Road Fund	2,280,100	2,865,900
TOTAL	5,445,500	6,030,000

(1) Operational Costs: Notwithstanding KRS 183.525(5), the above Restricted Funds appropriation includes operational costs of the program in each fiscal year.

(2) Debt Service: Included in the above Road Fund appropriation is $994,800 in fiscal year 2010-2011 and $996,000 in fiscal year 2011-2012 for debt service on previously issued bonds. Notwithstanding KRS 183.525, $994,800 in fiscal year 2010-2011 and $996,000 in fiscal year 2011-2012 is transferred to the Road Fund from the Kentucky Aviation Economic Development Fund to support debt service on those bonds.

(3) Aviation Development Debt Service: Included in the above Road Fund appropriation is $296,500 in fiscal year 2010-2011 and $848,500 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

3. DEBT SERVICE

	2010-11	**2011-12**
Road Fund	74,747,000	116,904,800

(1) Economic Development Road Lease-Rental Payments: Included in the above Road Fund appropriation is $71,602,000 in fiscal year 2010-2011 and $88,537,800 in fiscal year 2011-2012 for Economic Development Road lease-rental payments relating to projects financed by Economic Development Road Revenue Bonds previously authorized by the General Assembly and issued by the Kentucky Turnpike Authority.

(2) Economic Development Road Bond Debt Service: (a) Included in the above Road Fund appropriation is $3,145,000 in fiscal year 2010-2011 and $6,289,000 in fiscal year 2011-2012 for Economic Development Road lease-rental payments to the Kentucky Turnpike Authority relating to projects financed by $56,000,000 in new Economic Development Road Revenue Bonds in fiscal year 2010-2011 to support projects related to the Base Realignment and Closure (BRAC) activities in and around Fort Knox.

(b) Included in the above Road Fund appropriation is $2,712,000 in fiscal year 2011-2012 for Economic Development Road lease-rental payments to the Kentucky Turnpike Authority relating to projects financed by $56,000,000 in new Economic Development Road Revenue Bonds in fiscal year 2011-2012 to support road projects related to the Base Realignment and Closure (BRAC) activities in and around Fort Knox.

(3) Economic Development Road Bond Debt Service: Included in the above Road Fund appropriation is $19,366,000 in fiscal year 2011-2012 for Economic Development Road lease-rental payments to the Kentucky Turnpike Authority relating to projects financed by $400,000,000 in new Economic Development Road Revenue Bonds in fiscal year 2011-2012 to support projects in the Biennial Highway Construction Plan.

(4) Excess Lease-Rental Payments: Any moneys not required to meet lease-rental payments or to meet the administrative costs of the Kentucky Turnpike Authority shall be transferred to the State Construction Account.

(5) Debt Payment Acceleration Fund Account: Notwithstanding KRS 175.505, no portion of the revenues to the state Road Fund provided by the adjustments in KRS 138.220(2), excluding KRS 177.320 and 177.365, shall accrue to the Debt Payment Acceleration Fund account during the 2010-2012 fiscal biennium.

4. HIGHWAYS

	2010-11	**2011-12**
General Fund	282,000	564,000
Restricted Funds	211,230,800	515,230,800
Federal Funds	672,683,000	672,700,400
Road Fund	715,944,200	735,682,600
Highway Bond	56,000,000	*456,000,000
TOTAL	1,656,140,000	*2,380,177,800

(1) Debt Service: Included in the above Federal Funds appropriation is $68,645,900 in fiscal year 2010-2011 and $68,609,500 in fiscal year 2011-2012 for debt service on Grant Anticipation Revenue Vehicle (GARVEE) Bonds previously appropriated by the General Assembly.

(2) Federally Supported Construction Program: Included in the above Federal Funds appropriation is $581,351,100 in fiscal year 2010-2011 and $545,644,900 in fiscal year 2011-2012 for federal construction projects.~~[All Federal-Aid Highway moneys made available to Kentucky by the United States Congress shall be spent according to the 2010-2012 Biennial Highway Construction Plan.]~~ *(Veto Item #2)*

(3) State Supported Construction Program: Included in the above Road Fund appropriation is $304,672,600 in fiscal year 2010-2011 and $323,799,800 in fiscal year 2011-2012 for the State Supported Construction Program. All State Supported Construction funds shall be spent according to the Six Year Road Plans set out in 2009 Ky. Acts ch. 9, 2009 Ky. Acts ch. 85, and as enacted in 2010 First Extraordinary Session HB 4. Projects in those plans with the "SPB" and "SB2" designations are projects to be completed with Highway Bonds authorized in 2009 Ky. Acts ch. 9 and 2010 First Extraordinary Session HB 3. Projects with the "SPB" and "SB2" designations that cannot be completed due to insufficient bond funds shall be given "SPP" funding priority. Projects with an "SPP" designation are state high priority projects and shall be given priority over other state projects with an "SP" funding designation.

(4) State Resurfacing Program: Included in the State Supported Construction Program is $97,000,000 in fiscal year 2010-2011 and $97,000,000 in fiscal year 2011-2012 from the Road Fund for the State Resurfacing Program.

(5) Biennial Highway Construction Program: Included in the State Supported Construction Program is $176,672,600 in fiscal year 2010-2011 and $195,799,800 in fiscal year 2011-2012 from the Road Fund for state

construction projects in the fiscal biennium 2010-2012 Biennial Highway Construction Program.~~[No funds to support the Kentucky Pride Fund are included in the Biennial Highway Construction Program appropriation.]~~ *(Veto Item #3)*

(6) Highway Construction Contingency Account: Included in the State Supported Construction Program is $31,000,000 in fiscal year 2010-2011 and $31,000,000 in fiscal year 2011-2012 for the Highway Construction Contingency Account.~~[Included in the Highway Construction Contingency Account appropriation is $5,000,000 in each fiscal year to support the Kentucky Pride Fund created in KRS 224.43-505.]~~ *(Veto Item #3)* Also included in the Highway Construction Contingency Account appropriation is up to $350,000 in dollar-for-dollar matching funds in fiscal year 2010-2011 for the Northern Kentucky Port Authority for the Ohio River Bank Stabilization Study and up to $2,000,000 in dollar-for-dollar matching funds in fiscal year 2010-2011 and fiscal year 2011-2012 for the Shortline Railroad Assistance Fund.~~[On receipt of documentation of the matching funds, the Secretary shall transfer an amount equal to the matching funds not to exceed the appropriations for the Ohio River Bank Stabilization Study and the Shortline Railroad Assistance Fund.]~~ *(Veto Item #4)* Also included in the Highway Construction Contingency Account is $260,000 in fiscal year 2010-2011 for transportation enhancements for the Farnsely-Moreman Landing/Aydelotte project and $2,000,000 in fiscal year 2010-2011 and $2,000,000 in fiscal year 2011-2012 for the 21st Century Parks Project. Also included in the Highway Construction Contingency Account is $20,000 in fiscal year 2010-2011 for the Violet Road Sidewalk Repair, $100,000 in fiscal year 2010-2011 for the Lincoln River Greenway Walking Trail in the City of Covington, and $500,000 in fiscal year 2010-2011 for Providence-Webster County Airport improvements.

(7) Economic Development Road Bonds: Included in the above Highway Bonds appropriation is $56,000,000 in fiscal year 2010-2011 and $56,000,000 in fiscal year 2011-2012 for new Economic Development Road Bonds to support projects related to the Base Realignment and Closure (BRAC) activities in and around Fort Knox.

(8) Economic Development Road Bonds: Included in the above Highway Bonds appropriation is $400,000,000 in fiscal year 2011-2012 for new Economic Development Road Bonds to support projects in the Biennial Highway Construction Plan.

(9) 2010-2012 Biennial Highway Construction Plan: Projects in the enacted 2008-2010 Biennial Highway Construction Plan are authorized to continue their current authorization into the 2010-2012 fiscal biennium.

(10) Kentucky Transportation Center: Notwithstanding KRS 177.320(4), included in the above Road Fund appropriation is $290,000 in fiscal year 2010-2011 and $290,000 in fiscal year 2011-2012 for the Kentucky Transportation Center.

(11) New Highway Equipment Purchases: Notwithstanding KRS 48.710(3), included in the above Restricted Funds appropriation is $1,500,000 in fiscal year 2010-2011 and $1,500,000 in fiscal year 2011-2012 from the sale of surplus equipment to purchase new highway equipment.

(12) State Match Provisions: The Transportation Cabinet is authorized to utilize state construction moneys or Toll Credits to match federal highway moneys.

(13) Road Fund Cash Management: The Secretary of the Transportation Cabinet is authorized to continue the Cash Management Plan to address the policy of the General Assembly to expeditiously initiate and complete projects in the fiscal biennium 2010-2012 Biennial Highway Construction Plan. Notwithstanding KRS Chapter 45, specifically including KRS 45.242 and 45.244, the Secretary may concurrently advance projects in the Biennial Highway Construction Plan by employing management techniques that maximize the Cabinet's ability to contract for and effectively administer the project work. Under the approved Cash Management Plan, the Secretary is directed to continuously ensure that the unspent project and Road Fund balances available to the Transportation Cabinet are sufficient to meet expenditures consistent with appropriations provided.

(14) Carry Forward of Appropriation Balances: Notwithstanding KRS 45.229, unexpended Road Fund appropriations in the Highways budget unit for the Construction program, the Maintenance program, and the Research program in fiscal year 2009-2010 and in fiscal year 2010-2011 shall not lapse but shall carry forward. Unexpended Federal Funds and Restricted Funds appropriations in the Highways budget unit for the Construction program, the Maintenance program, the Equipment Services program, and the Research program in fiscal year 2009-2010 and in fiscal year 2010-2011, up to the amount of ending cash balances and unissued Highway Bond Funds and grant balances shall not lapse but shall carry forward.

(15) Wetland Restoration Debt Service: Included in the above General Fund appropriation is $282,000 in fiscal year 2010-2011 and $564,000 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(16) Highways Maintenance: Included in the above Highways Road Fund appropriation is $323,212,500 in fiscal year 2010-2011 and $323,212,500 in fiscal year 2011-2012 for Highways Maintenance. Highways Maintenance positions may be filled to the extent the above funding level and the Highways Maintenance continuing appropriation are sufficient to support those positions.

[~~**(17) Industrial Road Access Account:** The Secretary of the Transportation Cabinet and the Secretary of the Economic Development Cabinet shall provide $500,000 from the Industrial Road Access Account in fiscal year 2010-2011 for the Woodland Industrial Park Access Road in Montgomery County to provide surfacing for an alternative safety route.~~] *(Veto Item #5)*

(18) Grant Anticipation Revenue Vehicle (GARVEE) Bonds: Included in the above Restricted Funds appropriation is $330,000,000 in fiscal year 2011-2012 for GARVEE Bond Funds to be issued for the US-68/KY-80 Lake Barkley and Kentucky Lake Bridges Project and $105,000,000 in fiscal year 2011-2012 for GARVEE Bond Funds to be issued for the Louisville-Southern Indiana Ohio River Bridges Project.

(19) New Grant Anticipation Revenue Vehicle (GARVEE) Debt Service: Included in the above Federal Funds appropriation is $20,627,000 in fiscal year 2011-2012 for GARVEE Bonds debt service payments relating to the US-68/KY-80 Lake Barkley and Kentucky Lake Bridge projects financed by $330,000,000 in GARVEE Bonds and $15,133,000 in fiscal year 2011-2012 for GARVEE Bonds debt service payments relating to the Louisville-Southern Indiana Ohio River Bridges Project.

(20) Interlocal Cooperative Agreement: Any local government may be permitted to enter into an interlocal cooperative agreement with the Transportation Cabinet to maintain traffic control devices on state-maintained roads within the local government's jurisdiction and shall be reimbursed by the Transportation Cabinet for the contracted cost of such maintenance. The agreement may permit local governments to make temporary repairs to state-maintained road surfaces within the local government's jurisdiction and shall be reimbursed by the Transportation Cabinet for the contracted cost of the temporary repairs. The Transportation Cabinet shall report all interlocal cooperative agreements entered into under this subsection to the Interim Joint Committee on Transportation within seven days of the agreement being finalized. The report shall include the local government requesting the assistance from the Cabinet, the scope and estimated cost of the service or repair, and the reasons for the necessity of the agreement.

(21) Crittenden County Property: Whereas the existing real property in Crittenden County located at 110 Old Salem Road has become unsuitable for public use as a Transportation Cabinet maintenance facility due to its age, and whereas this property would be more suitable for use by the Crittenden County Board of Education as it is adjacent to the Crittenden County High School, the General Assembly authorizes the exchange of this property with the Crittenden County Industrial Authority property in Industrial Park North. Upon conveyance of title to sufficient property to the Transportation Cabinet by the Crittenden County Industrial Authority, the Transportation Cabinet shall construct a new maintenance facility and all necessary adjacent facilities. Upon completion and occupation of the new maintenance facility and approval required by KRS 45A.045, the Commonwealth shall convey title to the existing maintenance facility property to the Crittenden County Board of Education.

(22) Federal Aid Highway Moneys: If additional federal highway moneys are made available to Kentucky by the United States Congress, the funds shall be used according to the following priority: (a) Any demonstration-specific or project-specific money shall be used on the project identified; and (b) All other funds shall be used to ensure that projects in the 2010-2012 Biennial Highway Construction Plan are funded. If additional federal moneys remain after these priorities are met, the Transportation Cabinet may select projects from 2009 Ky. Acts ch. 85.

(23) Hart and Larue Counties Concrete Barrier: The Transportation Cabinet is authorized to pursue a project to place a concrete barrier wall along the inside shoulder of I-65 in Hart and Larue Counties to serve as a crash protection device to prevent cross-median incidents.

(24) Reauthorization: Nothwithstanding any statute to the contrary, 2009 Ky. Acts ch. 85 is hereby reauthorized in its entirety. If any project is contained in both 2009 Ky. Acts ch. 85 and 2010 First Extraordinary Session HB 4, the project detail in 2010 First Extraordinary Session HB 4 shall overide the project detail in 2009 Ky. Acts ch. 85.

5. JUDGMENTS

(1) Payment of Judgments: Road Fund resources required to pay judgments shall be transferred from the State Construction Account at the time when actual payments must be disbursed from the State Treasury.

6. PUBLIC TRANSPORTATION

	2010-11	2011-12
General Fund	4,574,600	4,528,800
Restricted Funds	440,000	440,000
Federal Funds	44,546,000	44,546,000
TOTAL	49,560,600	49,514,800

(1) Toll Credits: The Transportation Cabinet is authorized to maximize to the extent necessary the use of Toll Credits to match Federal Funds for transit systems capital grants.

(2) Nonpublic School Transportation: Included in the above General Fund appropriation is $2,955,000 in fiscal year 2010-2011 and $2,925,400 in fiscal year 2011-2012 for nonpublic school transportation.

7. REVENUE SHARING

	2010-11	2011-12
Road Fund	297,074,700	312,423,900

(1) County Road Aid Program: Included in the above Road Fund appropriation is $112,177,600 in fiscal year 2010-2011 and $117,997,000 in fiscal year 2011-2012 for the County Road Aid Program in accordance with KRS 177.320, 179.410, 179.415, and 179.440. Notwithstanding KRS 177.320(2), the above amounts have been reduced by $38,000 in fiscal year 2010-2011 and $38,000 in fiscal year 2011-2012, which has been appropriated to the Highways budget unit for the support of the Kentucky Transportation Center.

(2) Rural Secondary Program: Included in the above Road Fund appropriation is $136,084,400 in fiscal year 2010-2011 and $143,144,000 in fiscal year 2011-2012 for the Rural Secondary Program in accordance with KRS 177.320, 177.330, 177.340, 177.350, and 177.360. Notwithstanding KRS 177.320(1), the above amounts have been reduced by $46,000 in fiscal year 2010-2011 and $46,000 in fiscal year 2011-2012, which has been appropriated to the Highways budget unit for the support of the Kentucky Transportation Center.

(3) Municipal Road Aid Program: Included in the above Road Fund appropriation is $47,200,400 in fiscal year 2010-2011 and $49,649,000 in fiscal year 2011-2012 for the Municipal Road Aid Program in accordance with KRS 177.365, 177.366, and 177.369. Notwithstanding KRS 177.365(1), the above amounts have been reduced by $16,000 in fiscal year 2010-2011 and $16,000 in fiscal year 2011-2012, which has been appropriated to the Highways budget unit for the support of the Kentucky Transportation Center.

(4) Energy Recovery Road Fund: Included in the above Road Fund appropriation is $903,000 in fiscal year 2010-2011 and $903,000 in fiscal year 2011-2012 for the Energy Recovery Road Fund in accordance with KRS 177.977, 177.9771, 177.9772, 177.978, 177.979, and 177.981.

8. VEHICLE REGULATION

	2010-11	2011-12
Restricted Funds	12,597,700	12,624,100
Federal Funds	1,050,000	1,050,000
Road Fund	22,648,200	22,889,200
TOTAL	36,295,900	36,563,300

(1) Debt Service: Included in the above Road Fund appropriation is $3,144,900 in fiscal year 2010-2011 and $3,145,400 in fiscal year 2011-2012 for debt service on previously authorized bonds for the AVIS Replacement project.

TOTAL - TRANSPORTATION CABINET

	2010-11	2011-12
General Fund	4,856,600	5,092,800
Restricted Funds	227,438,900	531,464,000
Federal Funds	718,294,000	718,311,400

Road Fund	1,181,485,300	1,259,954,500
Highway Bond	56,000,000	*456,000,000
TOTAL	2,188,074,800	*2,970,822,700

PART II

CAPITAL PROJECTS BUDGET

(1) Capital Construction Fund Appropriations and Reauthorizations: Moneys in the Capital Construction Fund are appropriated for the following capital projects subject to the conditions and procedures in this Act. Items listed without appropriated amounts are previously authorized for which no additional amount is required. These items are listed in order to continue their current authorization into the 2010-2012 fiscal biennium. Unless otherwise specified, reauthorized projects shall conform to the original authorization enacted by the General Assembly.

(2) Expiration of Existing Line-Item Capital Construction Projects: All appropriations to existing line-item capital construction projects expire on June 30, 2010, unless reauthorized in this Act with the following exceptions: (a) A construction contract for the project shall have been awarded by June 30, 2010; (b) Permanent financing or a short-term line of credit sufficient to cover the total authorized project scope shall have been obtained in the case of projects authorized for bonds, provided that the authorized project completes an initial draw on the line of credit within the biennium immediately subsequent to the original authorization; and (c) Grant or loan agreements, if applicable, shall have been finalized and properly signed by all necessary parties. Notwithstanding the criteria set forth in this subsection, the disposition of 2008-2010 fiscal biennium nonstatutory appropriated maintenance pools funded from Capital Construction Investment Income shall remain subject to the provisions of KRS 45.770(5)(c).

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

(4) Payments for Wetland Restoration: Obligations due from the Department of Highways from state funds for fees to the fund established by KRS 150.255(3) shall be deposited into an Other Special Revenue Fund established within the Transportation Cabinet. Payments in satisfaction of these obligations shall be made from the capital project appropriation in Part II, 1., 002. of this Act.

Budget Units		**2010-11**	**2011-12**
1.	**GENERAL ADMINISTRATION AND SUPPORT**		
001.	Aviation Development Projects		
	Bond Funds	5,250,000	5,250,000
002.	Wetland Restoration - 2010-2012		
	Bond Funds	5,000,000	-0-
003.	Purchase TRNS*PORT Upgrade		
	Road Fund	3,000,000	-0-
004.	Building and Site Renovation and Repair - 2010-2012		
	Road Fund	1,200,000	1,350,000
005.	Repair Loadometer and Rest Areas - 2010-2012		
	Road Fund	900,000	600,000
006.	Transportation Enterprise Data Warehouse		
	Road Fund	1,500,000	-0-
007.	Various Environmental Compliance - 2010-2012		
	Road Fund	750,000	750,000

008.	Construct Crittenden County Maintenance Facility and Salt Storage Structure		
	Road Fund	260,000	1,080,000
009.	Aircraft Maintenance Pool - 2010-2012		
	Investment Income	500,000	500,000
010.	Water and Wastewater - 2010-2012		
	Road Fund	495,000	235,000
011.	Replace and Repair Overhead Doors - 2010-2012		
	Road Fund	325,000	335,000
012.	Purchase PONTIS Upgrade		
	Road Fund	600,000	-0-
013.	Videologging Roadway Feature System		
	Federal Funds	480,000	-0-
	Road Fund	120,000	-0-
	TOTAL	600,000	-0-
014.	Salt Storage Facility and Ancillary Building Maintenance and Repair - 2010-2012		
	Road Fund	300,000	300,000
015.	Construct Larue County Maintenance Facility and Salt Storage Structure - Additional Reauthorization		
	Road Fund	430,000	-0-
~~[**016.** Construct Knott County Maintenance Facility and Salt Storage Structure~~			
	~~Road Fund~~	~~245,000~~	~~0]~~ *(Veto Item #6)*
~~[**017.** Construct Shelby County Maintenance Facility~~			
	~~Road Fund~~	~~200,000~~	~~0]~~ *(Veto Item #7)*
018.	Construct Spencer County Maintenance Facility and Salt Storage Structure - Additional Reauthorization		
	Road Fund	245,000	-0-
019.	Road Maintenance Parks Reauthorization ($3,000,000 Road Fund)		
020.	Building Renovations and Emergency Repairs Reauthorization ($1,200,000 Road Fund)		
021.	HVAC Maintenance and Repairs Reauthorization ($800,000 Road Fund)		
022.	Repair Salt Storage Structures Reauthorization ($300,000 Road Fund)		
023.	Painting and Roof Repair or Replacement Reauthorization		

($400,000 Road Fund)

024. Various Environmental Compliance Reauthorization ($1,000,000 Road Fund)

025. Kentucky Horse Park Roads and Pedways - FEI Games Reauthorization ($10,300,000 Road Fund)

026. Repair Loadometer and Rest Areas Reauthorization ($1,500,000 Road Fund)

027. Replace Overhead Doors and Emergency Repairs Reauthorization ($400,000 Road Fund)

PART III

FUNDS TRANSFER

The General Assembly finds that the financial condition of state government requires the following action.

Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2009-2010, fiscal year 2010-2011, and fiscal year 2011-2012:

		2009-10	**2010-11**	**2011-12**
1.	**Aviation**			
	Agency Revenue Fund	2,145,900	468,000	468,000
	(KRS 183.525(4) and (5))			
2.	**Aviation**			
	Agency Revenue Fund	-0-	5,250,000	5,250,000
	(KRS 183.525(4) and (5))			

Capital appropriations in the amount of $5,250,000 in fiscal year 2010-2011 and $5,250,000 in fiscal year 2011-2012 from bond funds will be used to replace this transfer of funds to the General Fund.

3.	**Highways**			
	Other Special Revenue Fund	-0-	5,000,000	-0-

The amount of funds transfer shall be limited to the deposits made by the Department of Highways to an Other Special Revenue Fund which shall be established by the Transportation Cabinet for fees due to the fund established by KRS 150.255(3). In the event that the amount of the funds transfer made in fiscal year 2010-2011 is less than the full amount authorized, funds transfers may be made in fiscal year 2011-2012 up to the maximum biennial total of $5,000,000.

4.	**Vehicle Regulation**			
	Agency Revenue Fund	-0-	3,300,000	3,300,000
	(KRS 186.040(6)(a))			
5.	**Vehicle Regulation**			
	Agency Revenue Fund	453,000	-0-	-0-
	(KRS 186.040(6)(b))			
TOTAL - FUNDS TRANSFER		2,598,900	14,018,000	9,018,000

PART IV

TOTALS

TRANSPORTATION CABINET BUDGET SUMMARY

OPERATING BUDGET

	2009-10	2010-11	2011-12
General Fund	-0-	4,856,600	5,092,800
Restricted Funds	-0-	227,438,900	531,464,000
Federal Funds	-0-	718,294,000	718,311,400
Road Fund	-0-	1,181,485,300	1,259,954,500
Highway Bond	-0-	56,000,000	*456,000,000
SUBTOTAL	-0-	2,188,074,800	*2,970,822,700

CAPITAL PROJECTS BUDGET

	2009-10	2010-11	2011-12
Federal Funds	-0-	480,000	-0-
Road Fund	-0-	10,570,000	4,650,000
Bond Funds	-0-	10,250,000	5,250,000
Investment Income	-0-	500,000	500,000
SUBTOTAL	-0-	21,800,000	10,400,000

TOTAL - TRANSPORTATION CABINET BUDGET

	2009-10	2010-11	2011-12
General Fund	-0-	4,856,600	5,092,800
Restricted Funds	-0-	227,438,900	531,464,000
Federal Funds	-0-	718,774,000	718,311,400
Road Fund	-0-	1,192,055,300	1,264,604,500
Highway Bond	-0-	56,000,000	*456,000,000
Bond Funds	-0-	10,250,000	5,250,000
Investment Income	-0-	500,000	500,000
TOTAL FUNDS	-0-	2,209,874,800	*2,981,222,700

PART V

The provisions of 2010 First Extraordinary Session HB 1/EN are amended to read as follows:

On page 43, line 9, delete "2,894,186,800" and insert "2,900,145,100" in lieu thereof;

Adjust subsequent subtotals and totals accordingly;

On page 255, line 24, delete "8,572,340,000" and insert "8,570,940,000" in lieu thereof; and

On page 255, line 24, delete "8,873,697,500" and insert "8,871,197,500" in lieu thereof.

Legislative Research Commission Note (6/11/2010). KRS 48.313 provides that "[i]f a total or subtotal conflicts with the sum of the appropriation figures of which it consists, the amounts of the individual appropriations shall control" and directs the Reviser of Statutes to substitute corrected totals or subtotals in the Acts and journals of the General Assembly and in the Kentucky Revised Statutes. Under the procedure set out in that statute, the following items have been corrected in this Act, with the amounts that have been substituted preceded by an asterisk within the text of the Act:

The 2011-12 fiscal year Highway Bond appropriation for the Highways budget unit and the Highways budget unit total in Part I, Operating Budget;

The 2011-12 fiscal year Highway Bond appropriation for the Transportation Cabinet and the Transportation Cabinet Operating Budget total in Part I, Operating Budget;

The 2011-12 fiscal year Highway Bond Operating Budget appropriation for the Transportation Cabinet and the Transportation Cabinet Operating Budget subtotal in Part IV, Transportation Cabinet Budget Summary; and

The 2011-12 fiscal year Highway Bond total appropriation for the Transportation Cabinet and the Transportation Cabinet Budget total in Part IV, Transportation Cabinet Budget Summary.

Vetoed in part June 4, 2010. Provisions that were not vetoed became law June 11, 2010, without the Governor's signature.

CHAPTER 4

(HB 4)

AN ACT relating to road projects and declaring an emergency.

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

➔Section 1. The projects authorized by the General Assembly in this Act constitute the official 2010-2012 Biennial Highway Construction Plan.

➔Section 2. Whereas the funding for these projects is provided by 2010 First Extraordinary Session HB 3, which takes effect upon its passage and approval by the Governor or upon otherwise becoming law, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon otherwise becoming law.

➔Section 3. The General Assembly acknowledges that the project authorizations contained within this Act are based on the Transportation Cabinet's estimates. The Transportation Cabinet shall have the authority to expend funds necessary to complete the projects as authorized in this Act, amended only by variations dictated by bid or unforeseen circumstances.

➔Section 4. The Kentucky Public Infrastructure Authority, in conjunction with the Kentucky-Indiana Bi-State Authority, shall update the initial financial plan for the Louisville-Southern Indiana Ohio River Bridges Project. If an updated financial plan is not submitted to the Federal Highway Administration by December 31, 2010, the Transportation Cabinet shall not be authorized to expend any funds on the Louisville-Southern Indiana Ohio River Bridges Project after that date.

➔Section 5. Projects with the "SPB" and "SB2" designations are projects to be completed with Highway Bonds authorized in 2009 Ky. Acts ch. 9 and 2010 Extraordinary Session HB 3. Projects with the "SPB" and "SB2" designations that cannot be completed due to insufficient bond funds shall be given "SPP" funding priority. Projects with an "SPP" designation are state high priority projects and shall be given priority over other state projects with an "SP" funding designation.

➔Section 6. If additional federal highway moneys are made available to Kentucky by the United States Congress, the funds shall be used according to the following priority: (a) Any demonstration-specific or project-specific money shall be used on the project identified; and (b) All other funds shall be used to ensure that projects in

the 2010-2012 Biennial Highway Construction Plan are funded. If additional federal moneys remain after these priorities are met, the Transportation Cabinet may select projects from 2009 Ky. Acts ch. 85.

➔Section 7. The 2010-2012 Biennial Highway Construction Plan is as follows:

Signed by Governor June 4, 2010.

CHAPTER 5

(HB 5)

AN ACT relating to unemployment insurance.

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

➔Section 1. KRS 341.030 is amended to read as follows:

(1) As used in this chapter, unless the context clearly requires otherwise, and except as provided in subsections (2) to (7) of this section, "wages" means all remuneration for services, including commissions, bonuses, and, except for services performed in agriculture and domestic employment, the cash value of all remuneration in any medium other than cash. The reasonable cash value of remuneration in any medium other than cash shall be estimated and determined in accordance with rules prescribed by the commission.

(2) Amounts paid to traveling salesmen or other workers as allowance or reimbursement for traveling or other expenses, incurred on the business of the employing unit, constitute wages only to the extent of the excess of the amounts over the expenses actually incurred and accounted for by the worker to his employer; provided, however, that the cash value of meals and lodging when furnished to the worker for the convenience of the employer shall not constitute wages.

(3) For purposes of this chapter, the term "wages" includes tips which are:

(a) Received while performing services which constitute employment; and

(b) Included in a written statement furnished to the employer pursuant to Section 6053(a) of the Internal Revenue Code; and

(c) Shall be treated as having been paid by the employing unit.

(4) "Wages" does not include the amount of any payment made to, or on behalf of, a worker under a plan or system established by an employing unit that makes provision for its workers generally or for a class of its workers, including any amount paid by an employing unit for insurance or annuities, or into a fund, to provide for any such payment, on account of:

(a) Retirement;

(b) Sickness or accident disability but, in the case of payments made to an employee or any of his dependents, this subsection shall exclude from the term "wages" only payments which are received under a workers' compensation law;

(c) Medical and hospitalization expenses in connection with accident or sickness disability; or

(d) Death, if the worker has not:

1. The option to receive, instead of provision for the death benefit, any part of the payment, or if the death benefit is insured, any part of the premiums or contributions to premiums paid by his employing unit; and

2. The right, under the provisions of the plan or system or policy of insurance providing for the death benefit, to assign the benefit, or to receive a cash consideration in lieu of it either upon his withdrawal from the plan or system providing for the benefit or upon termination of the plan or system or policy of insurance or of his employment with his employing unit.

(5) "Wages" does not include any payment on account of sickness or accident disability, or medical or hospitalization expenses in connection with sickness or accident disability, made by an employer to, or on behalf of, an employee after the expiration of six (6) calendar months following the last calendar month in which the employee worked for the employer.

(6) "Wages" does not include the amount of any payment made by an employing unit without deduction from the remuneration of the worker of the tax imposed under Section 3101 of the Internal Revenue Code or any payment required from an employer under a state unemployment compensation law with respect to

remuneration paid to an employee for domestic service in a private home of the employer or for agricultural labor.

(7) "Wages" does not, for the purposes of KRS 341.260 to 341.310, include that part of remuneration which, after wages equal to eight thousand dollars ($8,000) have been paid in a calendar year to a worker by a subject employer or his predecessor with respect to covered employment during any calendar year, is paid to the worker by the subject employer during the calendar year unless that part of the wages is subject to a tax under a federal law, imposing a tax against which credit may be taken for contributions required to be paid into a state unemployment fund. ***On January 1, 2012, the amount of eight thousand dollars ($8,000) in this subsection shall increase to nine thousand dollars ($9,000), which shall increase by an additional three hundred dollars ($300) on January 1 of each subsequent year to 2022, not to exceed twelve thousand dollars ($12,000).*** For the purpose of this subsection, the term "covered employment" shall include service constituting covered employment under any unemployment compensation law of another state.

➔Section 2. KRS 341.090 is amended to read as follows:

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

(1) "Base period" means the first four (4) of the last five (5) completed calendar quarters immediately preceding the first day of a worker's benefit year. However, if an individual lacks sufficient base-period wages because of a job-related injury, and he has received or was eligible to receive workers' compensation, upon written application by the claimant an extended base period will be substituted for the current base period on a quarter-by-quarter basis as needed to establish a valid claim or to increase the benefit rate of a claim if:

(a) The individual did not earn wages because of a job-related injury for at least seven (7) weeks of each base period quarter to be substituted by an extended base period quarter;

(b) No later than one (1) month prior to the expiration of workers' compensation benefits, the employer or carrier shall inform, orally and in writing, all recipients of their potential eligibility for unemployment insurance, and also provide a statement verifying the individual's eligibility for workers' compensation; and

(c) A claim for unemployment insurance compensation is filed no later than the fourth week of unemployment after the end of the period of injury compensated or eligible to be compensated by workers' compensation.

(2) "Extended base period" means the four (4) quarters prior to the claimant's base period. These four (4) quarters may be substituted for base-period quarters on a quarter-for-quarter basis in order to establish a valid claim or increase the benefit rate of a valid claim regardless of whether the wages have been used to establish a prior claim, except wages transferred to or from another state under a combined wage agreement will be excluded if used in a prior claim. Benefits paid on the basis of an extended base period, which would not otherwise be payable, shall be charged to the pooled account if the chargeable employer is a contributing employer. If the chargeable employer is a reimbursing employer, benefits shall be billed to his reimbursing account.

(3) "Benefit year" for any worker means the fifty-two (52) week period beginning with the first day of the week with respect to which he first requests a determination which establishes his status as a fully insured worker after the termination of his last preceding benefit year, if any, except that the last preceding benefit year shall be a fifty-three (53) week period if fifty-two (52) weeks would result in the overlapping of any calendar quarter of the base period of the new benefit year with the same calendar quarter of the base period of the previous benefit year. As used in this subsection, a worker shall be considered as having insured status, without regard to any other provision of this chapter, if at the time of his request he has satisfied the conditions required under~~[subsection (5) of]~~ KRS 341.350***(6)***.

(4) "Base-period wages" means the wages paid to a worker during his base period by subject employers for covered employment. The secretary, upon request of the employee, with respect to this subsection, shall consider wages payable to mean wages paid in order to prevent inequities caused by employer failure to meet a regularly scheduled payday. Lump-sum payments deemed to be wages under this chapter shall be reallocated to periods covered by the payments.

➔Section 3. KRS 341.096 is amended to read as follows:

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

(1) "Rate of insured unemployment" means the percentage derived by dividing:

(a) The~~[average]~~ weekly ***average*** number of ***weeks claimed in claims filed***~~[workers filing claims]~~ for regular benefits ***(not seasonally adjusted)*** in this state for weeks of unemployment with respect to the most recent 13-consecutive-week period, as determined by the secretary on the basis of his report to the United States Secretary of Labor, by

(b) The average monthly employment covered under this chapter for the first four (4) of the most recent six (6) completed calendar quarters ending before the end of such 13-week period. Such computations shall be made by the secretary, in accordance with regulations prescribed by the United States Secretary of Labor.

(2) "Regular benefits" means benefits payable to a worker under this chapter or under an unemployment compensation law of any other state (including benefits payable to federal civilian employees and to ex-servicemen pursuant to 5 U.S.C. ch. 85) other than extended benefits and additional benefits.

(3) "Extended benefits" means benefits (including benefits payable to federal civilian employees and to ex-servicemen pursuant to 5 U.S.C. ch. 85) payable to a worker under the provisions of KRS 341.700 to 341.740 for weeks of unemployment in his eligibility period.

(4) "Additional benefits" means benefits payable to exhaustees by reason of conditions of high unemployment or by reason of other special factors under the provisions of any state law.

(5) "Eligibility period" of a worker means the period consisting of the weeks in his benefit year which begin in an extended benefit period and, if his benefit year ends within such extended benefit period, any weeks thereafter which begin in such period.

(6) "Exhaustee" means a worker who, with respect to any week of unemployment in his eligibility period:

(a) Has received, prior to such week, all of the regular benefits that were available to him under this chapter or any other state law (including dependents' allowances and benefits payable to federal civilian employees and ex-servicemen under 5 U.S.C. ch. 85) in his current benefit year that includes such week; provided, that, for the purposes of this paragraph, an individual shall be deemed to have received all of the regular benefits that were available to him although, as a result of a pending appeal with respect to wages and/or employment that were not considered in the original monetary determination in his benefit year, he may subsequently be determined to be entitled to added regular benefits; or

(b) His benefit year having expired prior to such week, has no, or insufficient, wages and/or employment on the basis of which he could establish a new benefit year that would include such week; and

(c) Has no right to unemployment benefits or allowances, as the case may be, under the Railroad Unemployment Insurance Act or under such other federal laws as are specified in regulations issued by the United States Secretary of Labor; and has not received and is not seeking unemployment benefits under the unemployment compensation law of Canada; but if the individual is seeking such benefits and the appropriate agency finally determines that the individual is not entitled to benefits under such law, the individual shall be considered an exhaustee if the other provisions of this definition are met.

➔Section 4. KRS 341.270 is amended to read as follows:

(1) Except as otherwise provided in this section, each employer's contribution rate shall be three percent (3%). Effective for employers who become subject to this chapter on or after January 1, 1999, except as otherwise provided in this section, each employer's contribution rate shall be two and seven-tenths percent (2.7%).

(2) Except as otherwise provided in this section, no subject employer's contribution rate shall be less than two and seven-tenths percent (2.7%), unless he has been an employer subject to the provisions of this chapter for twelve (12) consecutive calendar quarters ended as of the computation date. In any calendar year in which the rate schedule prescribed in paragraph (3)(a) of this section is in effect, no subject employer who was assigned an entry rate of three percent (3.0%) under the provisions of subsection (1) of this section prior to January 1, 1999, shall have a contribution rate less than two and eight hundred fifty-seven thousandths percent (2.857%), unless subject to this chapter for the minimum time period specified above.

(3) For the calendar year 2001 and each calendar year thereafter, employer contribution rates shall be determined in accordance with "Table A" set out in subsection (4) of this section. For each calendar year, the secretary shall determine the rate schedule to be in effect based upon the "trust fund balance" as of ***September 30***~~[December 31]~~ of the preceding year. If the "trust fund balance":

(a) Equals or exceeds one and eighteen hundredths percent (1.18%) of the total wages paid in covered employment in the state during the state fiscal year ended as of June 30 of that year, the rates listed in the "Trust Fund Adequacy Rates" schedule of "Table A" shall be in effect.

(b) Equals or exceeds ***five hundred million dollars ($500,000,000)***~~[three hundred fifty million dollars ($350,000,000)]~~ but is less than the amount required to effectuate the "Trust Fund Adequacy Rates" schedule as provided in paragraph (a) of this subsection, the rates listed in "Schedule A" of "Table A" shall be in effect.

(c) Equals or exceeds ***three hundred fifty million dollars ($350,000,000)***~~[two hundred seventy-five million dollars ($275,000,000)]~~ but is less than ***five hundred million dollars ($500,000,000)***~~[three hundred fifty million dollars ($350,000,000)]~~, the rates listed in "Schedule B" of "Table A" shall be in effect.

(d) Equals or exceeds two hundred fifty million dollars ($250,000,000) but is less than ***three hundred fifty million dollars ($350,000,000)***~~[two hundred seventy-five million dollars ($275,000,000)]~~, the rates listed in "Schedule C" of "Table A" shall be in effect.

(e) Equals or exceeds one hundred fifty million dollars ($150,000,000) but is less than two hundred fifty million dollars ($250,000,000), the rates listed in "Schedule D" of "Table A" shall be in effect.

(f) Is less than one hundred fifty million dollars ($150,000,000), the rates listed in "Schedule E" of "Table A" shall be in effect.

(4) For the calendar year 1982 and each calendar year thereafter, contribution rates shall be determined upon the basis of an individual employer's reserve ratio as of the computation date and the schedule of rates established under subsection (3) of this section. Except as otherwise provided in this section, the contribution rate for each subject employer for the calendar year immediately following the computation date shall be the rate in that "Schedule" of "Table A," as set out below, effective with respect to the calendar year, which appears on the same line as his reserve ratio as shown in the "Employer Reserve Ratio" column of the same table.

TABLE A

Rate Schedule

Employer Reserve Ratio	Trust Fund Adequacy Rates	A	B	C	D	E
8.0% and over	0.000%	0.30%	0.40%	0.50%	0.60%	1.00%
7.0% but under 8.0%	0.000%	0.40%	0.50%	0.60%	0.80%	1.05%
6.0% but under 7.0%	0.008%	0.50%	0.60%	0.70%	0.90%	1.10%
5.0% but under 6.0%	0.208%	0.70%	0.80%	1.00%	1.20%	1.40%
4.6% but under 5.0%	0.508%	1.00%	1.20%	1.40%	1.60%	1.80%
4.2% but under 4.6%	0.808%	1.30%	1.50%	1.80%	2.10%	2.30%
3.9% but under 4.2%	1.008%	1.50%	1.70%	2.20%	2.40%	2.70%
3.6% but						

under 3.9%	1.308%	1.80%	1.80%	2.40%	2.60%	3.00%
3.2% but						
under 3.6%	1.508%	2.00%	2.10%	2.50%	2.70%	3.10%
2.7% but						
under 3.2%	1.608%	2.10%	2.30%	2.60%	2.80%	3.20%
2.0% but						
under 2.7%	1.708%	2.20%	2.50%	2.70%	2.90%	3.30%
1.3% but						
under 2.0%	1.808%	2.30%	2.60%	2.80%	3.00%	3.40%
0.0% but						
under 1.3%	1.908%	2.40%	2.70%	2.90%	3.10%	3.50%
-0.5% but						
under -0.0%	6.500%	6.50%	6.75%	7.00%	7.25%	7.50%
-1.0% but						
under -0.5%	6.750%	6.75%	7.00%	7.25%	7.50%	7.75%
-1.5% but						
under -1.0%	7.000%	7.00%	7.25%	7.50%	7.75%	8.00%
-2.0% but						
under -1.5%	7.250%	7.25%	7.50%	7.75%	8.00%	8.25%
-3.0% but						
under -2.0%	7.500%	7.50%	7.75%	8.00%	8.25%	8.50%
-4.0% but						
under -3.0%	7.750%	7.75%	8.00%	8.25%	8.50%	8.75%
-6.0% but						
under -4.0%	8.250%	8.25%	8.50%	8.75%	9.00%	9.25%
-8.0% but						
under -6.0%	8.500%	8.50%	8.75%	9.00%	9.25%	9.50%
Less						
than -8.0%.	9.000%	9.00%	9.25%	9.50%	9.75%	10.00%

(5) As used in this section and elsewhere in this chapter, unless the context clearly requires otherwise:

(a) "Trust fund balance" means the amount of money in the unemployment insurance fund, less any unpaid advances made to the state under Section 1201 of the Social Security Act. In determining the amount in the fund as of a given date all money received by the Office of Employment and Training, Department of Workforce Investment, on that date shall be considered as being in the fund on that date;

(b) "Total wages" means all remuneration for services, as defined in KRS 341.030(1) to (7), paid by subject employers;

(c) An employer's "reserve ratio" means the percentage ratio of his reserve account balance as of the computation date to his taxable payrolls for the twelve (12) consecutive calendar quarters ended as of ***June 30***~~[September 30]~~ immediately preceding the computation date;

(d) For the purposes of this section, an employer's "reserve account balance" means the amount of contributions credited to his reserve account as of the computation date, less the benefit charges through ***June 30***[~~September 30~~] immediately preceding the computation date. If benefits charged to an account exceed contributions credited to the account, the account shall be considered as having a debit balance and a reserve ratio of "less than zero"; and

(e) "Computation date" is ***July 31***[~~October 31~~] of each calendar year prior to the effective date of new rates of contributions.

➔Section 5. KRS 341.272 is amended to read as follows:

(1) Notwithstanding any section of this chapter to the contrary, on or after July 15, 1984, any new domestic corporation, or any foreign corporation authorized to do business in this state, or any foreign corporation active in conjunction with a domestic corporation in a joint venture, partnership or other legal entity engaged in the contract construction trades shall pay contributions equal to the maximum rate of contributions payable under the rate schedule in effect for any given calendar year as determined by KRS 341.270; and, such maximum rate of contributions shall remain in effect until the employer has employed persons in this state for not less than twelve (12) consecutive calendar quarters ending as of ***June 30***[~~September 30~~] immediately preceding the computation date. Thereafter, such employer's contribution rate shall be determined in accordance with the provisions of subsection (4) of KRS 341.270.

(2) On or after January 1, 1989, any new domestic or foreign proprietorship or partnership engaged in the contract construction trades shall be subject to the provisions of subsection (1) of this section.

➔Section 6. KRS 341.275 is amended to read as follows:

(1) For the purpose of this section, a nonprofit organization is an organization (or group of organizations) described in Section 501(c)(3) of the United States Internal Revenue Code which is exempt from income tax under Section 501(a) of such code. For the purpose of this section, "cabinet" shall mean the Education and Workforce Development Cabinet and "secretary" shall mean the secretary of the Education and Workforce Development Cabinet.

(2) Any nonprofit organization which, pursuant to KRS 341.070(4), is, or becomes, a subject employer shall pay contributions under the provisions of KRS 341.270, unless it elects, in accordance with this section, to pay to the cabinet for the fund an amount equal to the amount of regular benefits and of one-half (1/2) of the extended benefits paid to workers for weeks of unemployment that is attributable to service in the employ of the nonprofit organization, performed during the effective period of the election but only if the employer is the worker's most recent employer. No employer shall be deemed to be the most recent employer unless the eligible worker to whom benefits are payable shall have worked for that employer in each of ten (10) weeks whether or not consecutive.

(a) Any nonprofit organization which is, or becomes, a subject employer on July 1, 1972, may elect to become liable for payments in lieu of contributions for a period of not less than the remainder of 1972 and the calendar year of 1973, provided it files with the cabinet a written notice of its election within the thirty (30) day period immediately following such date.

(b) Any nonprofit organization which becomes a subject employer after July 1, 1972, may elect to become liable for payments in lieu of contributions for a period of not less than the period of subjectivity during the year in which such subjectivity begins and the following calendar year by filing a written notice of its election with the cabinet not later than thirty (30) days immediately following the date of the determination of such subjectivity.

(c) Any nonprofit organization which makes an election in accordance with paragraph (a) or paragraph (b) of this subsection will continue to be liable for payments in lieu of contributions until it files with the secretary a written notice terminating its election not later than thirty (30) days prior to the beginning of the calendar year for which such termination shall first be effective, except that liability for payments in lieu of contributions shall continue thereafter with respect to wages paid prior to the effective date of such termination.

(d) Any nonprofit organization which has been paying contributions under this chapter for a period subsequent to July 1, 1972, may change to a reimbursable basis by filing with the cabinet not later than thirty (30) days prior to the beginning of any calendar year a written notice of election to become liable

for payments in lieu of contributions. Such election shall not be terminable by such organization for that and the following year.

(e) The secretary may for good cause extend the period within which a notice of election, or a notice of termination, must be filed and may permit an election to be retroactive but not any earlier than with respect to benefits paid after December 31, 1969.

(f) The secretary shall notify each nonprofit organization of any determination which may be made of its status as an employer and of the effective date of any election which it makes and of any termination of such election. Such determinations shall be subject to appeal and review in accordance with the provisions of KRS 341.430(2).

(3) Payments in lieu of contributions shall be made in accordance with the provisions of this subsection.

(a) At the end of each calendar quarter ***or at the end of any other period as determined by the secretary***, the cabinet shall bill each nonprofit organization (or group of such organizations) which has elected to make payments in lieu of contributions for an amount equal to the full amount of regular benefits plus one-half (1/2) of the amount of extended benefits paid during such quarter plus any prior period adjustments, which are attributable to service performed in covered employment in the employ of such organization ***plus interest on the total amount billed at the average rate of earnings in the unemployment insurance fund for the prior calendar year. All interest collected under this subsection shall be credited to the unemployment insurance fund***.

(b) Payment of any bill rendered under paragraph (a) shall be made not later than thirty (30) days after such bill was mailed to the last known address of the nonprofit organization or was otherwise delivered to it, unless there has been an application for review in accordance with paragraph (d) of this subsection.

(c) Payments made by any nonprofit organization under the provisions of this subsection shall not be deducted or deductible, in whole or in part, from the remuneration of workers in the employ of the organization.

(d) The amount due specified in any bill from the secretary shall be conclusive on the organization unless, not later than fifteen (15) days after the bill was mailed to its last known address or otherwise delivered to it, the organization files an appeal to the commission setting forth the grounds for such appeal. Proceedings on appeal to the commission from the amount of a bill rendered under this subsection shall be in accordance with the provisions of KRS 341.430, and the decision of the commission shall be subject to review under the provisions of KRS 341.460(1).

(e) Past-due payments of amounts in lieu of contributions shall be subject to the same interest, penalties, collection service, and lien provisions that, pursuant to KRS 341.300 to 341.310, apply to past-due contributions.

(4) (a) The secretary may, in accordance with regulations prescribed by the cabinet, require any nonprofit organization that elects to become liable for payments in lieu of contributions to deposit with the cabinet, within thirty (30) days after the effective date of its election as a condition thereof, money equal to two percent (2%) of the organization's total wages paid for employment as defined in KRS 341.050(1)(e) for the four (4) calendar quarters immediately preceding the effective date of such election. If the nonprofit organization did not pay wages in each of such four (4) calendar quarters, the amount of the deposit shall be as determined by the secretary.

(b) Money deposited in accordance with this subsection shall be retained by the cabinet in an escrow account until all possible liability to the fund under the election is terminated, at which time it shall be returned to the organization, less any deductions as hereinafter provided. The cabinet may deduct from the money deposited under this subsection by a nonprofit organization to the extent necessary to satisfy any due and unpaid payments in lieu of contributions and any applicable interest and penalties provided for in subsection (3)(e) of this section. The secretary shall require the organization within thirty (30) days following any deduction from a money deposit under the provisions of this subsection to deposit sufficient additional money to make whole the organization's deposit at the prior level. The secretary may, at any time, review the adequacy of the deposit made by any organization. If, as a result of such review, he determines that an adjustment is necessary, he shall require the organization to make additional deposit within thirty (30) days of written notice of his determination or shall return to it such portion of the deposit as he no longer considers necessary, whichever action is appropriate.

(c) If any nonprofit organization fails to make a deposit, or to increase or make whole the amount of a previously made deposit, as provided under this subsection, the secretary may terminate such organization's election to make payments in lieu of contributions and such termination shall continue for not less than the remainder of that calendar year and the following calendar year beginning with the quarter in which such termination becomes effective; provided, that the secretary may extend for good cause the applicable filing, deposit, or adjustment period by not more than sixty (60) days.

(5) If any nonprofit organization is delinquent in making payments in lieu of contributions as required under subsection (3) of this section, the secretary may terminate such organization's election to make payments in lieu of contributions as of the beginning of the next calendar year, and such termination shall be effective for that and the next calendar year.

(6) Notwithstanding any other section of this chapter, no employing unit electing to make payments in lieu of contributions under the provisions of this section shall be entitled to relief of benefit charges.

➔Section 7. KRS 341.277 is amended to read as follows:

(1) Any governmental entity which, pursuant to KRS 341.070(3), is or becomes a subject employer shall pay contributions under the provisions of KRS 341.270, unless it elects, in accordance with this section, to pay the cabinet for the fund an amount equal to the amount of all regular benefits plus all extended benefits paid to workers for compensable weeks of unemployment occurring on or after January 1, 1979, and for all regular benefits and one-half (1/2) of extended benefits paid to workers for compensable weeks of unemployment occurring prior to such date that is attributable to service performed in covered employment in the employ of such governmental entity during the effective period of such election but only if the employer is the worker's most recent employer. No employer shall be deemed to be the most recent employer unless the eligible worker to whom benefits are payable shall have worked for that employer in each of ten (10) weeks whether or not consecutive.

(a) Any governmental entity, which is or becomes a subject employer, may elect to become liable for payment in lieu of contributions for a period of not less than the calendar year in which such subjectivity begins and for the following calendar year provided it files with the cabinet a written notice of its election within thirty (30) days immediately following the date of the determinations of such subjectivity; or

(b) Any governmental entity which has paid contributions under the provisions of KRS 341.270 may change to a reimbursable basis by filing with the cabinet a written notice of its election not later than thirty (30) days prior to the beginning of any calendar year to make payments in lieu of contributions for a period of not less than two (2) calendar years following the effective date of such election.

(c) Any governmental entity which elects to make payments in lieu of contributions, in accordance with paragraphs (a) or (b) of this subsection, shall continue to be liable for payments in lieu of contributions until it files with the secretary a written notice terminating its election not later than thirty (30) days prior to the beginning of the calendar year for which such termination shall become effective except that liability for payments in lieu of contributions shall continue thereafter with respect to wages paid prior to the effective date of such termination.

(d) The secretary may for good cause extend the period within which a notice of election must be filed and may permit the effective date of such election to be retroactive.

(e) The secretary shall notify each governmental entity of any determination made as to its status as a subject employer, pursuant to KRS 341.070 and the effective date of any election or termination made pursuant to this subsection which determinations shall be subject to appeal and review in accordance with the provisions of KRS 341.430(2).

(2) Payment in lieu of contributions shall be made in accordance with the provisions of this subsection.

(a) At the end of each ***calendar*** quarter ***or at the end of any other period as determined by the secretary***, the cabinet shall bill each governmental entity (or group of governmental entities) which has elected to make payments in lieu of contributions an amount equal to all regular benefits and all extended benefits paid during such quarter for compensable weeks occurring on or after January 1, 1979, plus any prior period adjustments which are attributable to service performed in covered employment in the employ of such governmental entity ***plus interest on the total amount billed at the average rate of earnings in the***

unemployment insurance fund for the prior calendar year. All interest collected under this subsection shall be credited to the unemployment insurance fund.

(b) Payment of any bill rendered under paragraph (a) shall be made not later than thirty (30) days after such bill was mailed to the last known address of the governmental entity or was otherwise delivered to it, unless there has been an application for review in accordance with paragraph (d) of this subsection.

(c) Payments made by any governmental entity under the provisions of this subsection shall not be deducted or deductible, in whole or in part, from the remuneration of workers in the employ of the governmental entity.

(d) The amount due specified in any bill from the secretary shall be conclusive on the governmental entity unless, not later than fifteen (15) days after the bill was mailed to its last known address or otherwise delivered to it, the governmental entity files an appeal to the commission, setting forth the grounds for such appeal. Proceedings on appeal to the commission from the amount of a bill rendered under this subsection shall be in accordance with the provisions of KRS 341.430 and the decision of the commission shall be subject to review under the provisions of KRS 341.460(1).

(e) Past-due payments of amounts in lieu of contributions shall be subject to the same interest, penalties, and collection provisions that, pursuant to KRS 341.300, apply to past due contributions.

(3) (a) The secretary may, in accordance with regulations prescribed by the commission, require any governmental entity that elects to become liable for payments in lieu of contributions to deposit with the cabinet within thirty (30) days after the effective date of its election as a condition thereof, money equal to two percent (2%) of the governmental entity's total wages paid for employment as defined in KRS 341.050(1)(d) for the four (4) calendar quarters immediately preceding the effective date of such election. If the entity did not pay wages in each of such four (4) quarters, the amount of deposit, if required, shall be determined by the secretary.

(b) Provided, however, that the amount of money required to be deposited under this paragraph shall not exceed the amount for which any contributing employer would be liable if subject to the maximum contribution rate applicable to the annual taxable payroll.

(c) Money deposited in accordance with this subsection shall be retained by the cabinet in an escrow account until all possible liability to the fund under the election is terminated, at which time it shall be returned to the governmental entity, less any deductions as hereinafter provided. The cabinet may deduct from the money deposited under this subsection by a governmental entity to the extent necessary to satisfy any due and unpaid payments in lieu of contributions and any applicable interest and penalties provided for in paragraph (e) of subsection (3) of this section. The secretary shall require the governmental entity within thirty (30) days following any deduction from a money deposit under the provisions of this subsection to deposit sufficient additional money to make whole the governmental entity's deposit at the prior level. The secretary may, at any time, review the adequacy of the deposit made by any governmental entity. If, as a result of such review, he determines that an adjustment is necessary, he shall require the governmental entity to make an additional deposit within thirty (30) days of written notice of his determination or shall return to it such portion of the deposit as he no longer considers necessary, whichever action is appropriate.

(d) If any governmental entity fails to make a deposit, or to increase or make whole the amount of a previously made deposit, as provided under this subsection, the secretary may terminate such governmental entity's election to make payments in lieu of contributions and such termination shall continue for not less than the remainder of that calendar year and the following calendar year beginning with the quarter in which such termination becomes effective; provided, that the secretary may extend for good cause the applicable filing, deposit or adjustment period by not more than sixty (60) days.

(4) If any governmental entity is delinquent in making payments in lieu of contributions as required under subsection (3) of this section, the secretary may terminate such governmental entity's election to make payments in lieu of contributions as of the beginning of the next calendar year, and such termination shall be effective for that and the next calendar year.

(5) Notwithstanding any other section of this chapter, no employing unit electing to make payments in lieu of contributions under the provisions of this section shall be entitled to relief of benefit charges.

➔Section 8. KRS 341.350 is amended to read as follows:

An unemployed worker shall, except as provided in KRS 341.360 and 341.370, be eligible for benefits with respect to any week of unemployment only if:

(1) He has made a claim for benefits;

(2) ***For an initial claim made on or after January 1, 2012, he has served a waiting period of one (1) week, during which he has not received benefits. The waiting week period shall be the first compensable week of an initial claim for benefits for which he is eligible and qualified to receive benefits under this chapter. A waiting week period shall be required for each benefit year, whether or not consecutive. No more than one (1) waiting week period shall be required in any benefit year. The waiting week shall become compensable once the remaining balance on the claim is equal to or less than the compensable amount for the waiting week;***

(3) (a) He has registered for work with respect to such week in accordance with regulations prescribed by the secretary; and

(b) He participates in reemployment services, such as job search assistance services, if pursuant to a profiling system established by the secretary, he has been determined to be likely to exhaust regular benefits unless:

1. The claimant has completed the services to which he is referred; or

2. There is justifiable cause for the claimant's failure to participate in the services. For the purpose of this section, "justifiable cause" shall be interpreted to mean what a reasonable person would do in like circumstances;

(4)[~~(3)~~] He is physically and mentally able to work;

(5)[~~(4)~~] He is available for suitable work, and making such reasonable effort to obtain work as might be expected of a prudent person under like circumstances;

(6)[~~(5)~~] His base-period wages in that calendar quarter of his base period in which such wages were highest are equal to at least seven hundred fifty dollars ($750), and his total base-period wages are not less than one and one-half (1-1/2) times the base-period wages paid to him in such quarter and he was paid base-period wages in the last six (6) months of his base period equal to at least eight (8) times his weekly benefit rate with a minimum of seven hundred fifty dollars ($750) earned outside the high quarter;

(7)[~~(6)~~] An otherwise eligible worker shall not be denied benefits under subsection ***(5)***[~~(4)~~] of this section or because of his failure to actively seek work, nor disqualified under paragraph (a) of subsection (1) of KRS 341.370 with respect to any week he is in training with the approval of the secretary.

(8)[~~(7)~~] Notwithstanding any other provisions of this chapter, no otherwise eligible worker shall be denied benefits for any week because he is in training approved under 19 U.S.C. sec. 2296 (Section 236(a)(1) of the Trade Act of 1974), nor shall such worker be denied benefits by reason of leaving work to enter such training provided such work is not suitable employment, or because of the application to any such week in training of provisions in this law (or any applicable federal unemployment compensation law) relating to availability for work, active search for work, or refusal to accept work. For purpose of this subsection, the term "suitable employment" shall mean employment of a substantially equal or higher skill level than the worker's past adversely affected employment as defined in 19 U.S.C. sec. 2319 (Trade Act of 1974), and wages for such work are not less than eighty percent (80%) of the workers' average weekly wage as determined for purposes of the Trade Act of 1974.

(9)[~~(8)~~] The foregoing eligibility requirements and the conditions of benefit disqualifications imposed by KRS 341.370 shall be strictly construed. Nothing in this section, excepting subsection ***(6)***[~~(5)~~], nor in KRS 341.360 or 341.370 shall affect the establishment of a "benefit year."

➔Section 9. KRS 341.380 is amended to read as follows:

(1) All benefits shall be paid through employment offices, or such other agencies as may be designated by regulations of the secretary. Claims for all payments of benefits shall be made in accordance with regulations of the secretary.

(2) The weekly benefit rate payable to an eligible worker for weeks of unemployment shall, except as provided in KRS 341.390, be an amount equal to ***one and three thousand seventy-eight ten-thousandths percent***

(1.3078%)~~[one and one hundred eighty-five one-thousandths percent (1.185%)]~~ of his total base-period wages, except that no worker's weekly benefit amount shall be less than thirty-nine dollars ($39), nor more than the maximum rate as determined in accordance with subsection (3) of this section. For claims effective on or after January 1, ***2012***~~[2001]~~, the weekly benefit rate shall, except as provided in KRS 341.390, be ***one and one thousand nine hundred twenty-three ten-thousandths percent (1.1923%)***~~[one and three thousand seventy-eight ten thousandths percent (1.3078%)]~~ of his total base-period wages, except that no worker's weekly benefit amount shall be less than thirty-nine dollars ($39) nor more than the maximum rate as determined in accordance with subsection (3) of this section.

(3) Prior to the first day of July of each year the secretary shall determine the average weekly wage for insured employment by dividing the average monthly employment, as obtained by dividing the total monthly employment reported by subject employers for the preceding calendar year by twelve (12), into the total wages reported by such employers for such calendar year and dividing by fifty-two (52). Fifty-five percent (55%) of the amount thus obtained, adjusted to the nearest multiple of one dollar ($1), shall constitute the maximum weekly benefit rate for those workers whose benefit year commences on or after the first day of July of such year and prior to the first day of July of the next following year; beginning in calendar year 1999, or any subsequent year in which the increase in the weekly benefit rate calculation set forth in subsection (2) of this section should take effect, sixty-two percent (62%) of the average weekly wage, adjusted to the nearest multiple of one dollar ($1), shall constitute the maximum weekly benefit rate for those workers whose benefit year commences on or after the first day of July of that year and prior to the first day of July of the next following year; except that for the benefit years beginning on or after July 1, 1982, if the "trust fund balance" as of ***September 30***~~[December 31]~~ immediately preceding the benefit year is less than one hundred twenty million dollars ($120,000,000), the maximum weekly benefit rate shall not exceed the prior year's maximum weekly benefit rate. If such "trust fund balance" as of ***September 30***~~[December 31]~~ immediately preceding the benefit year:

(a) Equals or exceeds one hundred twenty million dollars ($120,000,000), but is less than ***two hundred million dollars ($200,000,000)***~~[one hundred fifty million dollars ($150,000,000)]~~, the maximum weekly benefit rate shall not exceed the prior year's maximum weekly benefit rate by more than six percent (6%). The rate thus determined shall be adjusted to the nearest multiple of one dollar ($1);

(b) Equals or exceeds ***two hundred million dollars ($200,000,000)***~~[one hundred fifty million dollars ($150,000,000)]~~, but is less than ***three hundred million dollars ($300,000,000)***~~[two hundred fifty million dollars ($250,000,000)]~~, the maximum weekly benefit rate shall not exceed the prior year's maximum weekly benefit rate by more than eight percent (8%). The rate thus determined shall be adjusted to the nearest multiple of one dollar ($1);

(c) Equals or exceeds ***three hundred million dollars ($300,000,000)***~~[two hundred fifty million dollars ($250,000,000)]~~, but is less than ***four hundred million dollars ($400,000,000)***~~[two hundred seventy-five million dollars ($275,000,000)]~~, the maximum weekly benefit rate shall not exceed the prior year's maximum weekly benefit rate by more than ten percent (10%). The rate thus determined shall be adjusted to the nearest multiple of one dollar ($1);

(d) Equals or exceeds ***four hundred million dollars ($400,000,000)***~~[two hundred seventy-five million dollars ($275,000,000)]~~, but is less than ***five hundred million dollars ($500,000,000)***~~[three hundred fifty million dollars ($350,000,000)]~~, the maximum weekly benefit rate shall not exceed the prior year's maximum weekly benefit rate by more than twelve percent (12%). The rate thus determined shall be adjusted to the nearest multiple of one dollar ($1); and

(e) ***Equals or exceeds five hundred million dollars ($500,000,000), the maximum weekly benefit rate shall not exceed the prior year's maximum weekly benefit rate by more than fifteen percent (15%). The rate thus determined shall be adjusted to the nearest multiple of one dollar ($1); and***

(f) Is such that it resulted in the establishment of an employer contribution rate schedule, as provided for in KRS 341.270, for the current calendar year which has a higher minimum rate than the schedule in effect for the immediately preceding calendar year, the maximum weekly benefit rate shall not exceed the prior year's maximum weekly benefit rate.

(4) The maximum amount of benefits payable to any worker within any benefit year shall be the amount equal to whichever is the lesser of:

(a) Twenty-six (26) times his weekly benefit rate; or

(b) One-third (1/3) of his base-period wages, except that no worker's maximum amount shall be less than fifteen (15) times his weekly benefit rate. Such maximum amount, if not a multiple of one dollar ($1), shall be adjusted to the nearest multiple of one dollar ($1).

➔Section 10. KRS 341.530 is amended to read as follows:

(1) The Office of Employment and Training, Department of Workforce Investment, shall maintain a reserve account for each subject employer making contributions to the fund and a reimbursing employer account for each subject employer making payment in lieu of contributions, and shall, except as provided in KRS 341.590, credit to such account the total amount of all contributions or benefit reimbursement paid by the employer on his own behalf. Nothing in this section or elsewhere in this chapter shall be construed to grant any employer or individual who is or was in his employ prior claims or rights to the amounts paid by him into the fund.

(2) Except as provided in subsection (3) of this section, all regular benefits paid to an eligible worker in accordance with KRS 341.380 plus the extended benefits paid in accordance with KRS 341.700 to 341.740, subject to the provisions of paragraphs (a) and (b) below, shall be charged against the reserve account or reimbursing employer account of his most recent employer. No employer shall be deemed to be the most recent employer unless the eligible worker to whom benefits are payable shall have worked for such employer in each of ten (10) weeks whether or not consecutive back to the beginning of the worker's base period.

(a) Subject employers, which are not governmental entities as defined in KRS 341.069, shall be charged one-half (1/2) of the extended benefits paid in accordance with KRS 341.700 to 341.740; and

(b) Subject employers which are governmental entities, as defined in KRS 341.069, shall be charged for all extended benefits paid in accordance with KRS 341.700 to 341.740 for compensable weeks occurring on or after January 1, 1979, and for one-half (1/2) of the extended benefits paid for compensable weeks occurring prior to such date.

(3) Notwithstanding the provisions of subsection (2) of this section, benefits paid to an eligible worker and chargeable to a contributing employer's reserve account under such subsection shall be charged against the pooled account if such worker was discharged by such employer for misconduct connected with his most recent work for such employer, voluntarily left his most recent work with such employer without good cause attributable to the employment, or the employer has continued to provide part-time employment and wages, without interruption, to the same extent that was provided from the date of hire, and the employer within a reasonable time, as prescribed by regulation of the secretary, notifies the office, in writing, of the alleged voluntary quitting, discharge for misconduct or continuing part-time employment; provided, however, that no employer making payments to the fund in lieu of contributions shall be relieved of charges by reason of this subsection.

(4) Each subject employer's reserve account or reimbursing account shall, unless terminated as of the computation date (as defined in subsection (5) of KRS 341.270), be charged with all benefits paid to eligible workers which are chargeable to such reserve account or reimbursing account under subsection (2) of this section. A subject employer's reserve account or reimbursing account shall be deemed to be terminated if he has ceased to be subject to this chapter, and his account has been closed and any balance remaining therein has been transferred to the fund's pooled account or to a successor's account as provided in KRS 341.540 or has been refunded if the employer is a reimbursing employer.

(5) Notwithstanding subsection (1) of this section, two (2) or more nonprofit (Internal Revenue Code sec. 501(c)(3)) organizations may jointly request the secretary to establish a group reserve account or reimbursing account for such nonprofit organizations. Two (2) or more governmental entities may jointly request the secretary to establish a group reserve account or reimbursing account, and once established, such account shall remain in effect at least two (2) calendar years and thereafter until either dissolved at the discretion of the secretary or upon filing application for dissolution by the group members. Each member of a group shall be jointly and severally liable for all payments due under this chapter from each or all of such group members. The secretary shall prescribe such procedures as he deems necessary for the establishment, maintenance, and dissolution of a group reserve account or reimbursing account.

(6) Any subject contributing employer may at any time ***on or before December 31, 2011,*** make voluntary payments to the fund, additional to the contributions required under KRS 341.260 and 341.270. ***Effective January 1, 2012, any subject contributing employer with a negative reserve account balance may make voluntary payments to the fund every other calendar year, in addition to the contributions required under***

KRS 341.260 and 341.270. Notwithstanding any other provision of this chapter, contributions paid on or before the computation date and voluntary payments made within twenty (20) days following the mailing of notices of new rates shall be credited to an employer's reserve account as of the computation date, provided no voluntary payments shall be used in computing an employer's rate unless the payment is made prior to the expiration of one hundred and twenty (120) days after the beginning of the year for which the rate is effective. Voluntary ***payments***~~[contributions]~~ by any employer~~[subject to a minimum rate as provided in KRS 341.270(2) or KRS 341.272(1)]~~ shall not exceed any negative balance they may have in their reserve account as of the computation date. Any employer who is delinquent in the payment of contributions, penalties, or interest as of the computation date shall be entitled to make voluntary payments only after the amount of the delinquency is paid in full.

➔Section 11. The Education and Workforce Development Cabinet, in administering KRS Chapter 341, is encouraged to promulgate or amend administrative regulations to implement the following on or before January 1, 2012:

(1) Allow for the electronic notification of an employer regarding an unemployment insurance claim;

(2) Increase the employer protest period from ten to fifteen days after an unemployment insurance claim is filed;

(3) Institute random audits of job search efforts provided by claimants; and

(4) Revise the unemployment insurance appeal process regarding the conduct of hearings.

Signed by Governor June 4, 2010.

CHAPTER 6

(SB 5)

AN ACT relating to the funding of school construction, making an appropriation therefor, and declaring an emergency.

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

➔Section 1. The provisions of 2010 First Extraordinary Session HB 1/EN are amended to read as follows:

In Part I, C., 4., (18), delete paragraph (a) and replace with the following:

"(a) Included in the above General Fund appropriation is $5,958,300 in fiscal year 2011-2012 to provide equalization funding for school districts that: 1. Have school facilities classified as Category 5 on May 18, 2010, by the Department of Education; and 2. Levy an additional five cents equivalent tax rate for debt service, new construction, and major renovation beyond the five cents equivalent tax rate required by KRS 157.440(1)(b), except as provided in paragraph (c) of this subsection. Equalization shall be provided at 150 percent of the statewide average per pupil assessment beginning in the fiscal year following the fiscal year in which the levy is imposed. The provisions of KRS 132.017 relating to recall may or may not apply. The local board of education shall have the option of levying this additional five cents equivalent tax rate without being subject to the recall provisions of KRS 132.017 or the local board of education may request the county board of elections to submit to the qualified voters of the district the question whether the rate shall be levied."

➔Section 2. Whereas Section 1 of this Act amends 2010 First Extraordinary Session HB 1/EN, which takes effect upon its passage and approval by the Governor or upon otherwise becoming law, an emergency is declared to exist, and Section 1 of this Act takes effect upon its passage and approval by the Governor or upon otherwise becoming law.

Signed by Governor June 4, 2010.