

56.870 Approval of General Assembly required for certain state fiscal obligations --Statement for inclusion on bonds and notes and related materials on Commonwealth's involvement.

- (1) Notwithstanding any statutory provisions to the contrary, prior to the issuance and sale of any definitive bonds or temporary bonds, or the securing of any interim financing through bond anticipation notes, loan agreements, or by any other means, each agency, authority, board, corporation, cabinet, commission, or any other agency or instrumentality of the Commonwealth shall first obtain approval of financing from the General Assembly, sitting in regular or special session. This approval shall be evidenced by the adoption by the General Assembly of a specific act or the adoption by the General Assembly of the biennial branch budget bill which specifies the purposes for the financing.
- (2) The biennial branch budget bill shall also establish a ceiling for revenue bonds which require a general fund or road fund appropriation to retire.
- (3) The provisions of subsection (1) of this section shall not be applicable to the financing of any project in any case where the project for which financing is proposed is certified by the secretary of the Finance and Administration Cabinet to be of a type that will independently produce revenues sufficient to fully meet debt service, issuance costs, reserve fund requirements, insurance premiums, and any other expenditures necessary for financing so that no appropriation of state funds will be required. Repayments of revolving funds established with bond issues for which debt service, issuance costs, reserve fund requirements, insurance premiums, or any other expenditures associated with the issuance of the bonds are appropriated by the General Assembly shall not be deemed independently produced revenue. This certification shall be made in writing by the secretary of the Finance and Administration Cabinet to the statutory head of the issuing agency or authority with a copy to the Governor and the Legislative Research Commission.
- (4) The following statement shall appear on all bonds or notes and all prospectuses offering statements or related materials used in conjunction with the sale of bonds or notes for which financing is certified in accordance with the provisions of subsection (3) of this section: "Kentucky's name is on these bonds (or notes) for the benefit and convenience of other entities within the state. However, the only security which is pledged for the bonds (or notes) is the independent revenues and assets from the project. The General Assembly does not intend to appropriate any state funds to fulfill the financial obligation represented by the bonds (or notes)."

Effective: July 15, 1994

History: Amended 1994 Ky. Acts ch. 53, sec. 1, effective July 15, 1994. Amended 1992 Ky. Acts ch. 105, sec. 53, effective July 14, 1992; and ch. 295, sec. 2, effective July 14, 1992. -- Amended 1990 Ky. Acts ch. 507, sec. 19, effective July 13, 1990. -- Amended 1982 Ky. Acts ch. 450, sec. 62, effective July 1, 1983. -- Created 1980 Ky. Acts ch. 96, sec. 1, effective July 15, 1980.