

**CHAPTER 58****(HB 69)**

AN ACT relating to sessions.

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

Section 1. KRS 48.100 is amended to read as follows:

- (1) A branch budget recommendation shall be submitted to the General Assembly by the Governor for the executive branch, the Chief Justice for the judicial branch, and the Legislative Research Commission for the legislative branch. The budget recommendations shall be submitted to the General Assembly on or before the tenth legislative day of each ***even-numbered-year*** regular session, except in the year following the election of the Governor when the budget recommendations shall be submitted not later than the fifteenth legislative day of ***an even-numbered-year***~~[a]~~ regular session.
- (2) Budget recommendations shall be submitted on the first day of any extraordinary session called for the purpose of amending a branch budget bill.

Section 2. KRS 48.111 is amended to read as follows:

- (1) The Governor shall include in the executive branch budget recommendation and in the draft branch budget bill for the executive branch submitted to each ***even-numbered-year*** regular session of the General Assembly pursuant to KRS 48.110, for the biennium period beginning July 1, 1992, and for each biennium thereafter, a recommended program for rental of any space for which the annual rental cost will exceed two hundred thousand dollars (\$200,000).
- (2) The recommended program for leased space shall include:
  - (a) A summary description of each specific two hundred thousand dollar (\$200,000) lease project recommended for funding during the biennium; and
  - (b) For each project:
    1. The name of the agency for which space will be leased;
    2. The purpose and justification for the lease;
    3. Whether the lease contains a purchase option which will be exercised during the biennium pursuant to KRS 56.806(4) and the estimated purchase price;
    4. a. Whether the lease contains a lease-purchase which will be completed during the biennium pursuant to KRS 56.806(5) prior to the total amortization, through lease payments, of the fair market value of the leased property as of the time the lessor and the Commonwealth entered into the lease; and
    - b. The estimated sum of money that will have to be paid in addition to rent paid to complete the purchase;
    5. The estimated cost of the lease; and
    6. The recommended sources of funds.
- (3) All information required by subsection (2) of this section shall be included in the executive branch budget recommendation. The branch budget bill for the executive branch shall

contain only the information specified in subparagraphs 1. and 2. of subsection (2)(b) of this section.

- (4) Except as provided in subsection (5) of this section, no lease with an annual rental cost which will exceed two hundred thousand dollars (\$200,000) shall be executed unless the lease has been identified and included in the branch budget bill. The branch budget bill for the executive branch shall authorize the expenditure by the budget unit that will occupy the premises.
- (5) A lease with an annual rental cost exceeding two hundred thousand dollars (\$200,000) may be authorized even though it is not specifically listed in the biennial budget report and branch budget bill, subject to the following conditions and procedures:
  - (a) A lease is awarded as the result of the consolidation of leases in which case, in addition to subsection (6) of this section, the provisions of KRS 56.803 and 56.823(2) or of KRS 56.805(2) and 56.823(3) shall apply, as appropriate; or
  - (b) A lease is awarded as the result of an agency occupying substantially less space than it should, under the standards for space set by the Department for Facilities Management, in which case, in addition to subsection (6) of this section, the provisions of KRS 56.803 and 56.823(2) or of KRS 56.805(2) and 56.823(3) shall apply, as appropriate. The space allocated under the new lease shall not exceed the space which should be allocated pursuant to the standards for space; or
  - (c) A lease with an annual rental cost of less than two hundred thousand dollars (\$200,000) is renewed or replaced for an annual rental cost that exceeds two hundred thousand dollars (\$200,000), but only if that request and subsequent renewal or replacement lease is:
    1. From the same state agency lessee whose initial lease was under two hundred thousand dollars (\$200,000);
    2. For the same or substantially the same square footage as the initial lease that was under two hundred thousand dollars (\$200,000);
    3. The result of the competitive leasing process authorized by KRS 56.803;
    4. For an annual lease payment of less than two hundred and fifty thousand dollars (\$250,000); and
    5. Effective only until June 30 of the next even-numbered year unless authorized in the biennial budget report and branch budget bill; or
  - (d) A lease is awarded as the result of an emergency in which case the provisions of KRS 56.805(3) and (4) and KRS 56.823(5) shall apply; or
  - (e)
    1. Fifty percent (50%) or more of the actual cost shall be funded by federal or private funds; and
    2. Money specifically budgeted and appropriated by the General Assembly for another purpose shall not be allotted or reallocated for expenditure on the lease. Money utilized shall not jeopardize any existing program and shall not require the use of current general funds specifically dedicated to existing programs; and
    3. The Finance and Administration Cabinet shall comply with the requirements of subsection (6) of this section.

- (6) (a) No later than five (5) business days after an advertisement for lease proposals pursuant to paragraph (a) or (b) of subsection (5) of this section, the cabinet shall provide the Capital Projects and Bond Oversight Committee with a copy of the advertisement and shall state in writing to the committee that the copy is being provided in compliance with this paragraph.
- (b) Prior to final authorization of a lease pursuant to paragraph (e) of subsection (5) of this section, the cabinet shall report to the Capital Projects and Bond Oversight Committee:
1. The name of the agency for which space will be leased;
  2. The purpose and justification for the lease;
  3. The estimated cost of the lease;
  4. The source of funds; and
  5. Whether the requirements of paragraph (e) of subsection (5) of this section have been met.
- (c) Within thirty (30) days after the report required in paragraph (b) of this subsection has been submitted to the committee, the committee shall conduct its review and decide whether to approve or disapprove the proposed lease authorization. The Legislative Research Commission shall promptly transmit the committee's findings and determinations to the Finance and Administration Cabinet.
- (d) If the committee disapproves a proposed lease authorization, the secretary of the Finance and Administration Cabinet shall:
1. Revise the proposed lease authorization to comply with the objection of the committee; or
  2. Cancel the proposed lease authorization; or
  3. Determine to proceed with the proposed lease authorization disapproved by the committee.
- (e) The decision made by the secretary of the Finance and Administration Cabinet under paragraph (d) of this subsection shall be communicated to the committee in writing within thirty (30) days of the committee's disapproval.
- (f) The Legislative Research Commission shall maintain records of the committee's disapproval of a proposed lease authorization and the cabinet's report of its actions on a disapproved proposed lease authorization. If the committee disapproves a proposed lease authorization, the Legislative Research Commission shall transmit the committee's disapproval and the cabinet's action on the disapproval to the appropriate interim joint committee of the Legislative Research Commission and to the General Assembly when next convened *in an even-numbered-year regular session*.
- (g) If after committee review a lease is authorized, the lease shall be awarded pursuant to the provisions of KRS 56.800 to 56.823 and this section, KRS 43.050, and KRS 48.190 and shall be subsequently reviewed pursuant to the appropriate subsection of KRS 56.823.

Section 3. KRS 48.112 is amended to read as follows:

- (1) The provisions of any other law notwithstanding, the Governor shall include in the budget recommendation for the executive branch and in the draft branch budget bill for the executive branch submitted to each *even-numbered-year* regular session of the General Assembly for the biennium period beginning July 1, 1998, and for each biennium thereafter, recommendations for appropriations as provided in KRS 342.122(1)(c) to be made by the General Assembly to the benefit reserve fund within the Kentucky Workers' Compensation Funding Commission established by KRS Chapter 342.
- (2) The amount to be recommended for appropriation to the benefit reserve fund within the Kentucky Workers' Compensation Funding Commission shall be nineteen million dollars (\$19,000,000) of the coal severance tax, levied under KRS 143.020, estimate for each fiscal year of the biennium.

Section 4. KRS 48.185 is amended to read as follows:

- (1) The provisions of any other law notwithstanding, the Governor shall include in the budget recommendation for the executive branch and in the draft branch budget bill for the executive branch submitted to each *even-numbered-year* regular session of the General Assembly for the biennium period beginning July 1, 1980, and for each biennium thereafter, recommendations for appropriations from the general fund to be made by the General Assembly to the area development fund established by KRS Chapter 42.
- (2) The amount to be recommended for the appropriation to the area development fund shall be four and four-tenths percent (4.4%) of the severance tax estimate for each fiscal year of the biennium.

Section 5. KRS 48.300 is amended to read as follows:

- (1) The financial plan for each fiscal year as presented in a branch budget recommendation shall be adopted, with such modifications as are made by the General Assembly, by the passage of a budget bill and such revenue and other acts as are necessary for the purpose.
- (2) Prior to the passage of a *branch* budget bill and any other acts necessary, the appropriations committees of the General Assembly shall prepare a budget memorandum. The budget memorandum shall enumerate the changes made by the appropriations committees in a branch budget recommendation, and shall explain such changes in detail sufficient to convey the intent of the appropriations committees.
- (3) In administering the provisions of a branch budget bill, a branch head shall interpret provisions of the branch budget bill in conformity with the budget memorandum.

Section 6. KRS 48.310 is amended to read as follows:

- (1) No provision of a *branch* budget bill shall be effective beyond the second fiscal year from the date of its enactment. A budget bill enacted at a special session *or in an odd-numbered-year regular session* of the General Assembly shall not be effective past July 1~~st~~ of the year in which the next *even-numbered-year* regular session takes place.
- (2) A budget bill may contain language which exempts the budget bill or any appropriation or the use thereof from the operation of a statute for the effective period of the budget bill.

Section 7. KRS 176.419 is amended to read as follows:

As used in KRS 45.245, 45.246, 176.420, 176.430, and 176.440:

- (1) "Project" means the design, right-of-way, utility, or construction phase of a highway construction project; and
- (2) "Six (6) year road plan" means the short-term individual transportation projects that are scheduled to be constructed in each county and that are submitted each *even-numbered-year* regular session to the General Assembly by the Department of Highways, including any amendments the General Assembly makes to the projects prior to the plan being enacted. The six (6) year road plan projects with phases scheduled for funding during the ensuing biennium shall be enacted in the budget memorandum and the projects with phases in the last four (4) years of the plan shall be enacted in a joint resolution and shall include, but not be limited to:
  - (a) The county name;
  - (b) The Kentucky 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 phase;
  - (h) The fiscal year in which each phase of the project should commence;
  - (i) The estimated cost for each phase of the project; and
  - (j) The estimated cost to complete the project.

Section 8. KRS 176.420 is amended to read as follows:

- (1) The Department of Highways shall undertake a continuing study of the needs of the highways under its jurisdiction for the purpose of bringing existing facilities to acceptable standards or for the replacement of existing facilities where required.
- (2) The Department of Highways shall submit the six (6) year road plan to the General Assembly within ten (10) working days of submission of the executive budget by the Governor to each *even-numbered-year* regular session of the General Assembly pursuant to KRS 48.100. The six (6) year road plan submitted shall be divided into six (6) sections as follows:
  - (a) The first section shall set forth the cabinet's revenue estimates and assumptions used in developing the six (6) year road plan.
  - (b) The second section shall list the projects identified in the six (6) year road plan as defined in KRS 176.419.
  - (c) The third section shall be the list of projects targeted for potential advancement, which is identified in KRS 176.430(1).
  - (d) The fourth section shall specify statewide projects that are listed under "ZVARIOUS 99" category.
  - (e) The fifth section shall provide a comparison of the proposed six (6) year road plan to the six (6) year road plan enacted the previous biennium by the General Assembly. The comparison shall include a justification statement documenting the reason any

project in the previously enacted six (6) year road plan was deleted from the proposed plan.

- (f) The sixth section shall list by county all active road construction projects that are not included in the plan or are not shown in the plan submitted to the General Assembly because funding has been authorized for the project or work has been initiated on the project.
- (3) The department shall provide the General Assembly an electronic version of the six (6) year road plan as defined in KRS 176.419 at the same time the department submits the printed six (6) year road plan to the General Assembly under subsection (2) of this section. The information shall be in a form cooperatively developed by the Transportation Cabinet and the General Assembly and approved by the Legislative Research Commission.

Section 9. KRS 177.376 is amended to read as follows:

The Kentucky Transportation Center Board shall:

- (1) Recommend policies and procedures as necessary to carry out the provisions of KRS 177.375 to 177.380;
- (2) Review and recommend research, and technical assistance programs undertaken and financed under the provisions of KRS 177.375 to 177.380;
- (3) Review all progress on projects authorized under the provisions of KRS 177.375 to 177.380;
- (4) Provide the Governor, the General Assembly and the Legislative Research Commission with an annual report by January 15 of each year showing the status of funds appropriated under the provisions of KRS 177.375 to 177.380 for the operation and management of the Kentucky Transportation Center and the progress of the Kentucky Transportation Center's technical assistance and research programs;
- (5) Advise the General Assembly by January 30 during each *even-numbered-year* regular session of the need for continuation of the Kentucky Transportation Center;
- (6) Ensure that personnel and facilities of the regional universities and community colleges are utilized when appropriate for completion of work or service functions performed by the center; and
- (7) Ensure that all authorized projects are directed toward transportation improvement and more specifically toward strengthening the transportation system of Kentucky.

Section 10. KRS 6.229 is amended to read as follows:

Upon receipt and approval by the Legislative Research Commission of the comprehensive report on legislative compensation in December of the year preceding the *even-numbered-year* regular session of the General Assembly, the director of the Legislative Research Commission shall include in the budget for the commission the language and appropriations that will effectuate the approved recommendations of the commission.

Section 11. KRS 45A.270 is amended to read as follows:

- (1) Each agency which has had an award or judgment against it upon a claim filed pursuant to KRS 45A.240 to 45A.270 shall furnish a certified copy of the award or judgment to the Finance and Administration Cabinet. The first five hundred thousand dollars (\$500,000) of any award or judgment against the Department of Highways, Transportation Cabinet, shall be paid out of the state road fund, upon warrants drawn by the secretary of the Finance and

Administration Cabinet upon the State Treasurer. The first five hundred thousand dollars (\$500,000) of any award or judgment against other departments or agencies of the state, which are not maintained by appropriations out of the general fund, shall be paid out of the funds created or collected for the maintenance and operation of such department or agency, upon warrants drawn by the secretary of the Finance and Administration Cabinet upon the State Treasurer. The first five hundred thousand dollars (\$500,000) of any award or judgment against all other departments and agencies of the state shall be paid out of the general fund, upon warrants drawn by the secretary of the Finance and Administration Cabinet upon the State Treasurer.

- (2) The Finance and Administration Cabinet shall request an appropriation from the next *even-numbered-year* regular session of the General Assembly for the purpose of satisfying all such awards and judgments granted during the preceding two (2) fiscal years which are not satisfied under subsection (1) of this section.

Section 12. KRS 56.806 is amended to read as follows:

- (1) Except when another lease term is approved by the secretary of the Finance and Administration Cabinet, the terms of all leases entered into pursuant to KRS 56.803 or 56.805 may provide for an initial lease term beginning on a date stated and ending on June 30 in each year in which the General Assembly has convened in *an even-numbered-year* regular session and appropriated funds for the operation of the state government during the next ensuing biennium. The leases may grant the state successive options for the automatic renewal of the lease upon the same terms and conditions for additional renewal periods of twenty-four (24) months each, not to exceed three (3) automatic renewal periods. Any lease containing provision for the automatic renewal of the lease after the expiration of the initial lease term shall also provide that the state may, upon written notice given to the lessor on or before April 15 of the year in which the initial or any automatic renewal term expires, elect not to exercise its option for the automatic renewal of the lease term. Subject to the agreement of the lessor, a lease in which the final automatic renewal period has expired, or will expire as of the end of the then current term, may be renewed upon the same terms and conditions, provisions of KRS 56.803 to the contrary notwithstanding.
- (2) The Department for Facilities Management shall comply with the provisions of this subsection when calculating rentable area for the purposes of a lease.
  - (a) If the Commonwealth is the only tenant on a single floor of a multistory building, the rentable area shall be the entire area described by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor which shall include, but not be limited to, stairways, elevator shafts, pipe chases, vertical air ducts, and the enclosing wall of all such excluded areas. Restrooms, corridors, and utility rooms which exclusively serve the floor occupied by the Commonwealth shall be included as part of the rentable area.
  - (b) If the Commonwealth is the only tenant in a one (1) story or multistory building, rentable area shall be calculated pursuant to the provisions of paragraph (a) of this subsection except that those areas excluded pursuant to paragraph (a) shall be included as part of the rentable area.
  - (c) If the Commonwealth shares a floor with one (1) or more other tenants, the rentable area shall be calculated by measuring from the inside finished surface of the dominant portion of the permanent outer building walls to the office side of every corridor wall

or other wall separating the Commonwealth's leased space from other adjacent rentable areas which shall include, but not be limited to, space under the control of another tenant, public corridors, restrooms, all common service and utility areas, stairways, elevator shafts, vertical pipe chases, and air ducts.

- (d) The Commonwealth's rentable area determined pursuant to paragraphs (a), (b), and (c) of this subsection shall include columns and projections necessary to the building.
- (3) The Finance and Administration Cabinet may include in a lease an option to purchase the leased property or a lease-purchase of the leased property.
- (4) If the Finance and Administration Cabinet exercises an option to purchase leased property, the option price shall not exceed the fair market value of the leased property as of the time the lessor and the Commonwealth enter into the option. Two (2) competent and qualified real estate appraisers shall each determine the fair market value. Each real estate appraiser shall be selected by the Finance and Administration Cabinet and shall employ an accepted appraisal technique.
- (5) (a) Except as provided in paragraph (b) of this subsection, if the Finance and Administration Cabinet includes in a lease the lease-purchase of the leased property, two (2) competent and qualified real estate appraisers shall each determine the fair market value of the leased property as of the time the lessor and the Commonwealth enter into the lease. Each appraiser shall be selected by the Finance and Administration Cabinet and shall employ an accepted appraisal technique. The lease shall provide for an initial lease term ending June 30 of the second year of the then current fiscal biennium of the Commonwealth, with the option of the Commonwealth, as lessee, to extend the term of the lease for a term of two (2) years from the expiration of each extended term of the lease, until the original term of the lease has been extended for a total number of years agreed upon by the parties. The agreed rental paid for the original term and for each of the full number of years for which the term of the lease may be extended shall amortize the fair market value of the leased property as of the time the lessor and the Commonwealth entered into the lease. The lease shall provide that the Commonwealth may, at the expiration of the original or any extended term, purchase the leased property at a stated price, which shall be the balance of the fair market value of the leased property as of the time the lease was entered into which has not been amortized by the payments of rent previously made by the Commonwealth.
- (b) If the Finance and Administration Cabinet includes lease-purchase of the leased property in a lease with the federal government, the terms of the lease-purchase shall be determined through negotiations between the Commonwealth and the federal government.
- (6) Except when a lease incorporates a lease-purchase pursuant to subsection (5) of this section, the Commonwealth shall reserve the right to cancel a lease upon written notice within thirty (30) days.

Section 13. KRS 67A.877 is amended to read as follows:

- (1) The properties to be benefited by construction of a wastewater collection project shall consist of all real properties which are thereby afforded a means of draining wastewater from such properties, whether such real properties consist of unimproved land or contain improvements. Benefited properties shall include all real properties which are directly

contiguous and abutting to any proposed sewer, lateral, main, outfall line, transmission line, interceptor, sewer easement to contain a project facility, or other project facility into which sanitary discharge and drainage of wastewater may be accomplished, whether the project sewer facility be constructed by application of the proceeds of the bonds or from funds otherwise made available by the government. Provided, however, the urban-county council of the government undertaking a project may adopt reasonable rules and regulations in respect of benefited property, and may exclude real properties which the urban-county council deems appropriate for exclusion because of location, size or other special circumstances.

- (2) The urban-county council of the government may determine, either in the ordinance of initiation or in subsequent proceedings, the necessity and desirability in the interests of the public health, safety and general welfare, that properties other than the benefited properties be permitted to connect to a wastewater collection project in the future, and may make equitable provisions which may be adjustable from year to year as bonds are retired, whereby the owners of such later-connecting properties may, by paying charges for the privilege of connecting and by assuming assessment obligations, be placed as nearly as practicable on a basis of financial equity with the owners of property initially provided to be benefited and assessed.
- (3) Benefited property owned by any city, county, or urban-county government (or owned by the United States of America or any of its agencies, if such property is subject to assessment by Act of Congress), shall be assessed annually the same as private property, and the amount of the annual assessment shall be paid by the city, county, urban-county government or United States government, as the case may be.
- (4) Benefited property owned by the Commonwealth of Kentucky, except property the title to which is vested in the Commonwealth for the benefit of a district board of education pursuant to KRS 162.010, shall be assessed as follows: Before assessing the Commonwealth, the urban-county council shall serve written notice on the secretary of the Finance and Administration Cabinet of the Commonwealth, setting forth specific details, including the estimated aggregate total amount of any improvement benefit assessment proposed to be levied against any property of the Commonwealth relative to the project. Said written notice shall be served prior to the next *even-numbered-year* regular session of the General Assembly of Kentucky so that the amount of any specific improvement assessment may be included in the biennial executive branch budget recommendation to be submitted to the General Assembly. Payment of any assessment shall be made only from funds specifically appropriated for that assessment. If an amount sufficient to pay the total amount of an assessment has been appropriated, then the total amount shall be paid, as and when due. If an amount sufficient only to pay annual assessment has been appropriated, then only the amount of the annual assessment shall be paid. The amount of the assessment shall be certified by the commissioner of finance of the urban-county government to the Finance and Administration Cabinet, which shall thereupon draw a warrant upon the State Treasurer payable to the government and the State Treasurer shall pay the same.
- (5) In the case of property the title to which is vested in the Commonwealth for the benefit of a district board of education, the amount of the annual assessment shall be paid by the city, county, urban-county government or other local governmental agency or authority which represents the taxing authority of such board of education.
- (6) No benefited property shall be exempt from assessment, except as herein provided.

Section 14. KRS 107.140 is amended to read as follows:

- (1) (a) In the case of improvements of public ways, the benefited property shall consist of all real property abutting upon both sides of the improvement project, and the cost of improving intersections shall be included in the total costs to be assessed and apportioned, unless and to the extent the city shall appropriate, within constitutional limitations, from available funds, a definite and specified sum as a contribution thereto, or a portion of the aggregate cost, or the cost of specified portions of the improvement; provided, however, that if provisions shall be made for sidewalk improvements, as an integral part of the improvement of a "public way," as defined in subsection (3) of KRS 107.020, upon only one side of the project, the costs of the sidewalk improvement shall be ascertained and assessed separately against the property abutting upon that side only, but the governing body may provide that such assessment shall include a fair share of the over-all costs as herein defined, other than the amounts of the actual construction contracts.
- (b) In the case of improvements for draining sewage, storm water, or a combination thereof, the benefited properties shall consist of all properties which are thereby afforded a means of drainage, including not only the properties which may be contiguous to the improvements, but also adjacent properties within a reasonable distance therefrom as the governing body may in the proceedings set forth.
- (c) In the case of an improvement project consisting in whole or in part of a sewage treatment plant, or enlargement or substantial reconstruction of an existing sewage treatment plant, the benefited properties shall be all those properties the sewage from which is treated in such plant, including properties already provided with sewer drainage facilities as well as those properties which the improvement project will provide with such drainage facilities, but the governing body may classify properties according to the extent of benefits to be afforded to them, and may establish one (1) rate of assessment applicable to all properties participating in the benefits of the sewage treatment installations, and an additional rate of assessment applicable to properties for which the improvement project will also provide sewer drainage facilities. In relation to wastewater collection projects constructed by metropolitan sewer districts, benefited property shall consist of all property whether improved or unimproved to which the project affords a means of discharging wastewater.
- (d) The governing body may, either in the proceedings initiating an improvement project, or in subsequent proceedings, recognize the necessity or desirability in the interest of the public health, safety and general welfare, that properties other than the properties originally benefited by an improvement under paragraphs (b) or (c) of this subsection, be permitted to connect to such sewer drainage and/or treatment facilities, and may make equitable provisions which may be adjustable from year to year as bonds are retired, whereby the owners of such later-connecting properties, may, by paying charges for the privilege of connecting, and/or by assuming a share of improvement assessments, or otherwise, be placed as nearly as practicable on a basis of financial equity with the owners of properties initially provided to be assessed.
- (e) The governing body may, either in the proceedings initiating an improvement project, or in subsequent proceedings, recognize the necessity or desirability in the interest of the public health, safety and general welfare that residential properties within one thousand feet (1000'), measured along paved roads, of a fire hydrant in cities of the

third through sixth classes may be assessed on the same basis as property abutting upon a street where a fire hydrant is to be installed.

- (2) (a) Benefited property owned by the city or county, or owned by the United States government or any of its agencies, if such property is subject to assessment by Act of Congress, shall be assessed annually the same as private property, and the amount of the annual assessment shall be paid by the city, county, or United States government, as the case may be. The same right of action shall lie against the county as against a private owner.
- (b) Benefited property owned by the state, except property the title to which is vested in the Commonwealth for the benefit of a district board of education pursuant to KRS 162.010, shall be assessed as follows: Before assessing the state, the governing body shall serve written notice on the secretary of the Finance and Administration Cabinet setting forth specific details including the estimated total amount of any improvement assessment proposed to be levied against any state property relative to any proposed improvement project. Said written notice shall be served prior to the next *even-numbered-year* regular session of the General Assembly so that the amount of any specific improvement assessment may be included in the biennial executive branch budget recommendation to be submitted to the General Assembly. Payment of any assessment shall be made only from funds specifically appropriated for that assessment. If an amount sufficient to pay the total amount of any assessment has been appropriated, then the total amount shall be paid; if an amount sufficient only to pay annual assessments has been appropriated, then only the amount of the annual assessment shall be paid. The amount of the assessment shall be certified by the city treasurer to the Finance and Administration Cabinet, which shall thereupon draw a warrant upon the State Treasurer, payable to the city treasurer, and the State Treasurer shall pay the same.
- (c) In the case of property the title to which is vested in the Commonwealth for the benefit of a district board of education, the amount of the annual assessment shall be paid by the city or other local governmental agency or authority which undertook the improvement project.

- (3) No benefited property shall be exempt from assessment.

Section 15. KRS 151.7282 is amended to read as follows:

By July 1 of each year preceding the convening of the General Assembly in *even-numbered-year* regular session, the authority shall provide the projected six (6) year construction and preconstruction program to the Interim Joint Committee on Agriculture and Natural Resources, the Capital Planning Advisory Board, and the Interim Joint Committee on Appropriations and Revenue.

Section 16. KRS 157.620 is amended to read as follows:

- (1) To participate in the school construction funding program, the district must have unmet needs as defined by KRS 157.615 and must meet the following eligibility criteria:
  - (a) Commit at least an equivalent tax rate of five cents (\$0.05) to debt service, new facilities, or major renovations of existing school facilities as defined by KRS 157.440. A district that levies the five cents (\$0.05) and has not accepted an official offer of assistance from the School Facilities Construction Commission, made

pursuant to KRS 157.611, may use receipts from the levy for other purposes as determined by the district board of education.

- (b) On July 29, 1985, and on June 30 of each year thereafter, the district board of education shall transfer all available local revenue, as defined by KRS 157.615, to a restricted account for school building construction, to be utilized in accordance with the priorities determined by the approved school facilities plan.
- (2) Interest earned on funds deposited in the restricted accounts required by this section shall be deposited in the restricted account and shall become a part of the restricted funds.
- (3) Funds restricted by the requirements of this section may be used by the district for projects or a portion thereof as listed in priority order on the approved school facilities plan prior to receiving state funds. Any local school district which is not an eligible district may be permitted, upon written application to the Department of Education, to transfer funds restricted by KRS 157.611 to 157.640 for other school purposes.
- (4) Not later than October 15 of the year immediately preceding the *even-numbered-year* regular session of the General Assembly, the Kentucky Board of Education shall submit a statement to the School Facilities Construction Commission certifying the following in each district:
  - (a) The amount of school facility construction needs in each district;
  - (b) The amount of available local revenue in each district; and
  - (c) That the district has or has not met the eligibility criteria established by subsection (1) of this section.
- (5) Construction needs shall be those needs specified in the school facilities plan approved by the Kentucky Board of Education as of June 30 of the year preceding the biennium in which funding is approved. All school facilities plans not approved by the State Board for Elementary and Secondary Education since January 1, 1981, shall be revised by December 31, 1985. The Kentucky Board of Education shall conduct public hearings on all amendments to approved plans.
- (6) If a local board of education determines that for any reason the district's approved facility plan is grossly inconsistent with the administrative regulations governing the development of the plan, the local board may certify, by official action, the reason for such inconsistency and may request that the Department of Education resurvey the building needs of the district. After review of the data, the chief state school officer may require a resurvey and the approval of a new facility plan certified prior to an official offer from the School Facilities Construction Commission, and on or before January 15 of any subsequent year. If the chief state school officer elects to recommend the new facility plan to the Kentucky Board of Education, the board shall notify the School Facilities Construction Commission of any change required in the statement of need for the district.

Section 17. KRS 176.440 is amended to read as follows:

- (1) The state highway engineer shall provide a cost estimate for any project that a member of the General Assembly desires to be considered for advancement or inclusion in the six (6) year road plan if the request is received in writing by the secretary of the Transportation Cabinet no later than November 1 of the year prior to the convening of *the even-numbered-*

~~year~~<sup>each</sup> regular session of the General Assembly. The cost estimate under this subsection shall be provided prior to January 15 of the following year.

- (2) The six (6) year road plan presented to the General Assembly for approval and funding as provided in KRS 45.245, the budget memorandum, and KRS 176.420 may be amended by the General Assembly. An amendment by the General Assembly that results in the addition of a new project phase to the six (6) year road plan shall use project phase costs supplied by the state highway engineer.

Section 18. KRS 196.081 is amended to read as follows:

- (1) To facilitate the need for comprehensive planning for the Department of Corrections and for related matters the Kentucky State Corrections Commission is created and is attached to the office of the secretary of the Justice Cabinet. The commission shall consist of twelve (12) members as follows:
  - (a) The Attorney General;
  - (b) The secretary of the Justice Cabinet;
  - (c) The commissioner of the Department of Corrections;
  - (d) The chairman of the Parole Board;
  - (e) The secretary of the Cabinet for Families and Children;
  - (f) A county jailer chosen by the Governor;
  - (g) A Circuit Judge chosen by the Governor from a list of three (3) submitted by the Chief Justice;
  - (h) Two (2) criminal justice professionals who are familiar with correctional research, theory, and program implementation, appointed by the Governor;
  - (i) A representative from a law enforcement agency, appointed by the Governor;
  - (j) A Commonwealth's attorney chosen by the Governor from a list of three (3) submitted by the Prosecutors Advisory Council; and
  - (k) The state Public Advocate.
- (2) The terms of those representatives appointed by the Governor shall be three (3) years. These members shall serve at the pleasure of the Governor and shall be eligible for reappointment. If there is a vacancy, the Governor shall immediately make an appointment effective for the unexpired term.
- (3) The Governor shall appoint a chairman of the corrections commission from among its members. The members of the commission shall elect from among its members a vice chairman who shall preside and exercise the functions of chairman during absence or disability of the chairman.
- (4) Regular meetings of the commission shall be held at least once every three (3) months at a place, day, and hour determined by the commission. Special meetings shall be held when needed as determined by the chairman. If six (6) or more members of the commission request in writing that the chairman call a special meeting, the chairman shall call a special meeting.

- (5) Members of the commission shall receive reimbursement for necessary expenses for attendance at official commission meetings or public hearings. The commission shall be staffed by a director and other staff.
- (6) The commission shall:
  - (a) Develop and approve the methodology to be used by the commission to project and maintain current six (6) year projections of prison populations;
  - (b) Develop a six (6) year plan for Department of Corrections operations, including both construction and programmatic elements; this plan shall be developed with information supplied by the agencies, departments, and groups represented on the commission, and other public and private agencies and citizens with a vested interest in corrections;
  - (c) Monitor, modify, and update the six (6) year plan as necessary but not less frequently than semiannually and submit the current plan to the Legislative Research Commission not later than six (6) months prior to the commencement of every *even-numbered-year* regular session of the General Assembly;
  - (d) Assist the Department of Corrections in preparing and submitting legislative proposals, including budget requests necessary to implement and update the six (6) year plan;
  - (e) Review and make recommendations to the General Assembly concerning legislative proposals, including Department of Corrections budget proposals, to insure consistency with the six (6) year plan;
  - (f) Develop, in cooperation with the Department of Public Advocacy, the Administrative Office of the Courts, the Prosecutors Advisory Council, and other interested parties, a schedule of punitive and rehabilitative alternatives to imprisonment for dissemination to judges, prosecutors, and defense attorneys. The schedule shall include, but shall not be limited to, rehabilitation treatment and counseling, community work and service, and drug and alcohol testing;
  - (g) Receive regular reports from the Department of Corrections, on a schedule established by the commission, as to the department's progress in complying with the six (6) year plan;
  - (h) Review and make recommendations to the department on any significant change in programs, policies, procedures, staffing, classification, or other component of corrections operations which departs from the six (6) year plan;
  - (i) Assist the Legislative Research Commission in the preparation of corrections impact statements for proposed legislation;
  - (j) Make recommendations to the Governor and the General Assembly concerning legislation affecting corrections including, but not limited to, legislation relating to sentencing, probation, and parole;
  - (k) In cooperation with the Administrative Office of the Courts, the Prosecutors Advisory Council, the Department for Community Based Services of the Cabinet for Families and Children, and the Kentucky Bar Association, conduct educational seminars for judges, attorneys, and probation officers, to disseminate information concerning the

availability and appropriate utilization of community service, rehabilitation, and other types of alternative sentences and conditions of probation; and

- (l) Administer the provisions of KRS 196.700 to 196.735.
- (7) The six (6) year plan shall consist of at least the following elements:
- (a) The location, capacity, classification, and staffing of each penal institution and program administered by the Department of Corrections;
  - (b) The location, capacity, classification, staffing, and anticipated cost and time of construction of each new facility to be constructed or each facility expansion to be constructed during the six (6) year plan period;
  - (c) The administrative structure of the Department of Corrections;
  - (d) Prison population projections for the six (6) year plan period;
  - (e) Education, rehabilitation, and prison industries programs administered by the Department of Corrections;
  - (f) The inmate labor program administered by the department; and
  - (g) Contingency plans to deal with unexpected increases in prison population.
- (8) The six (6) year plan shall be submitted to the General Assembly and approved by the General Assembly with the additions, deletions, or modifications the General Assembly shall deem advisable. Upon adoption by the General Assembly, all new facilities, and renovations and expansions of existing facilities, shall be in accordance with the plan, except in the case of an emergency declared by the Governor after the adoption of the plan. All other material changes in the plan shall be presented to the Corrections Commission for review and recommendation prior to implementation. While a change may be implemented without commission approval, the Corrections Commission shall advise the Legislative Research Commission of any material change request that is not favorably recommended by the commission.

Section 19. KRS 248.520 is amended to read as follows:

The Kentucky Tobacco Research Board shall:

- (1) Formulate policies and procedures as necessary to carry out the provisions of KRS 248.510 to 248.570.
- (2) Promulgate rules and regulations as necessary to carry out the provisions of KRS 248.510 to 248.570 and to ensure proper expenditure of state funds appropriated for the purposes of KRS 248.510 to 248.570.
- (3) Review and authorize tobacco research projects and programs to be undertaken and financed under the provisions of KRS 248.510 to 248.570. When, after diligent search, it is determined by the board that adequate facilities for a particular research project are not available at the University of Kentucky or any other suitable location, the board may use funds appropriated to it to construct research facilities for the project.
- (4) Review and approve all progress and final research reports on projects authorized under the provisions of KRS 248.510 to 248.570.
- (5) Ensure that state funds, appropriated by KRS 248.510 to 248.570 or any other act for tobacco research, are not diverted to any other use and that all authorized research projects

are directed toward improvements in the tobacco industry, and more specifically toward proving or disproving questions of health hazards to tobacco users and toward preserving and strengthening the tobacco industry in Kentucky.

- (6) Provide the Governor, the General Assembly, and the Legislative Research Commission an annual report by January 30 of each year showing the status of funds appropriated under KRS 248.510 to 248.570 for tobacco research and the progress of the board in terms of the results of its tobacco research efforts.
- (7) Advise the General Assembly by January 30 during each *even-numbered-year* regular session of the need for continuation of the Kentucky Tobacco Research Board and the tax levied by Chapter 255 of the Acts of 1970 for the purpose of financing tobacco research programs as provided by KRS 248.510 to 248.570.
- (8) Approve and release public statements relating to the progress and results of tobacco research projects.

Section 20. KRS 154.10-090 is amended to read as follows:

- (1) The secretary and the directors of other state agencies and entities receiving state funds for programs and activities which may affect state economic development shall cooperate in the coordination of those programs and activities to achieve the successful implementation of the state's strategic economic development plan.
- (2) The board shall compile a list of state agencies and the extent to which they have direct programmatic involvement in Kentucky's economic development systems. This information shall be presented to the General Assembly before each *even-numbered-year* regular session for the purpose of considering programmatic and budget adjustments.
- (3) Nothing in this chapter shall be construed as modifying, superseding, or repealing any provisions of KRS Chapter 146, 151, 224, or 350, or the obligations of the Natural Resources and Environmental Protection Cabinet under those chapters.

Section 21. KRS 164.250 is amended to read as follows:

The board of trustees shall make a full report to the General Assembly, within the first month of each *even-numbered-year* regular session, of the condition and operation of the university since the date of the previous report, with such recommendations concerning the university as are deemed necessary.

Section 22. KRS 45.800 is amended to read as follows:

- (1) Except as otherwise provided in subsection (2)(b) of KRS 45.770, prior to transferring funds from any source to the allotment account of a capital construction project or major item of equipment, the relevant entity head, or his designee, shall present to the Capital Projects and Bond Oversight Committee, at least fourteen (14) days prior to the committee meeting, for its review, specification of the amount of the proposed transfer, documentation of the necessity for the transfer, and, with respect to capital construction projects, documentation of:
  - (a) The amount already expended on the project prior to and during the current biennium; and
  - (b) Any alterations made or planned in the project since its consideration by the General Assembly during the most recent *even-numbered-year* regular session.

- (2) Within thirty (30) days after submission to the committee of a proposed capital construction and equipment purchase contingency account transfer, the committee shall determine whether the amount of the proposed transfer is reasonable and consistent with KRS 45.770, whether the proposed transfer is necessary, and whether any alterations made or planned in a project materially change the project as considered and authorized by the General Assembly. If the committee does not approve a proposed transfer or other proposed action, the committee, unless the Legislative Research Commission directs otherwise, shall promptly transmit its findings and determination to the head of the entity that presented the proposal.
- (3) If the committee does not approve a proposed transfer or other proposed action, the transfer shall not be made nor the action taken unless the relevant entity head, or his designee, shall:
  - (a) Revise the transfer or action to comply with the objections of the committee;
  - (b) Cancel the transfer or action; or
  - (c) Determine to make the transfer or take the action not approved by the committee.
- (4) The decision made by the relevant entity head, or his designee, under the preceding subsection shall be communicated to the committee in writing within thirty (30) days of the committee's not approving the proposed transfer or other proposed action.
- (5) The committee, unless the Legislative Research Commission directs otherwise, shall maintain records of its findings and determinations and the relevant entity head's, or his designee's, report of his action on each proposed transfer from the capital construction and equipment purchase contingency account. If the committee determines that the amount of a proposed transfer is not reasonable or is not consistent with KRS 45.770, or that the transfer is not necessary, or if the committee finds that any alteration in a project materially changes the project as considered and approved by the General Assembly, the committee's determination and the action of the secretary of the Finance and Administration Cabinet, or other appropriate entity head, on the transfer shall be transmitted to the appropriate interim joint committees of the Legislative Research Commission and to the General Assembly when next convened.
- (6) The committee, unless the Legislative Research Commission directs otherwise, shall maintain reports of purchases made under subsection (12) of KRS 45.760, reports of transfers made under KRS 45.760 to this section, reports of transfers made from the emergency repair, maintenance, and replacement account, and a record of any committee finding or recommendation relating to such purchases and transfers.
- (7) The committee shall monitor the costs of state capital construction projects in comparison with the costs of construction for the private sector to determine whether the costs are comparable and, if not comparable, the reasons for any difference. The committee shall consider contractors' charges to the state, land acquisition costs, costs and availability of materials, cost and availability of labor, and laws, regulations, and purchasing procedures pertaining to state capital construction projects that are not applicable to construction for the private sector. The committee's findings and recommendations shall be transmitted to the appropriate interim joint committee of the Legislative Research Commission and to the General Assembly when convened.

Section 23. KRS 45.760 is amended to read as follows:

The provisions of any other law notwithstanding:

- (1) The head of each of the three (3) branches of government shall include in the branch budget recommendation and in the draft branch budget bill for his branch submitted to each *even-numbered-year* regular session of the General Assembly pursuant to KRS 48.130, for the biennium period beginning July 1, 1994, and for each biennium thereafter, a recommended state capital projects program and a recommended program for the purchase of major items of equipment.
- (2) The recommended capital construction program shall include:
  - (a) A complete list and summary description of each specific capital construction project recommended for funding during the biennium; and
  - (b) For each project:
    1. The agency and purpose for which it will be used;
    2. The justification for the project;
    3. Its estimated completion date;
    4. The total estimated cost of completing the project;
    5. The estimated cost of the project during the biennium;
    6. The recommended sources of funds for the entire project; and
    7. The dollar amounts recommended for appropriation and the dollar amounts, listed by source, that are anticipated from every other source of funds for the biennium.
- (3) All information required by subsection (2) of this section shall be included in each branch budget recommendation. Each branch budget bill shall contain only a complete list of the specific capital construction projects recommended for funding during the biennium and, for each project, the information specified in subparagraphs 5., 6., and 7. of subsection (2)(b) of this section.
- (4) A report which details the effect of recommended new debt on the debt position of the Commonwealth shall be submitted at the same time the recommended capital program is submitted. Information shall be presented separately, and in total, for the general fund, the road fund, and for any affected restricted fund account.
- (5) Information in the report shall include, but not be limited to, the following:
  - (a) Debt service on existing appropriation-supported debt as a percent of anticipated total revenues;
  - (b) Debt service on existing appropriation-supported debt as a percent of anticipated available revenues;
  - (c) The sum of debt service on existing appropriation-supported debt and debt service on recommended new appropriation-supported debt, as a percent of anticipated total revenues;
  - (d) The sum of debt service on existing appropriation-supported debt and debt service on recommended new appropriation-supported debt, as a percent of anticipated available revenues;

- (e) The sum of debt service on existing appropriation-supported debt and debt service on recommended new appropriation-supported debt, as a percent of estimated state total personal income; and
  - (f) The sum of existing appropriation-supported debt and recommended new appropriation-supported debt, as a percent of estimated state total personal income.
- (6) During any biennium beginning July 1, 1992, and during each biennium thereafter, the amount allotted, from all sources, for expenditure on any project in the state capital construction program for that biennium shall not exceed the estimated cost of the project during that biennium, as shown in any branch budget bill, statutory budget memorandum, and biennial budget report enacted by the General Assembly, except as provided in this section, KRS 45.770, and 45.780.
- (7) The recommended program for the purchase of major items of equipment, submitted by the head of each of the three (3) branches of government, shall include:
- (a) A complete list and summary description of each specific major item of equipment recommended for purchase during the biennium; and
  - (b) For each major item of equipment:
    - 1. The agency and purpose for which it will be used;
    - 2. The justification for the purchase;
    - 3. The estimated cost of the item, including ancillary expenses and any expenses necessary to make the equipment functional and operational;
    - 4. The recommended sources of funds; and
    - 5. The dollar amounts recommended for appropriation and anticipated from every other source of funds for the purchase.
- (8) All information required by subsection (5) of this section shall be included in the executive branch budget recommendation. The branch budget bill for the executive branch shall contain only a complete list of each specific item of major equipment recommended for purchase during the biennium and, for each item, the information specified in subparagraphs 3., 4., and 5. of subsection (7)(b) of this section.
- (9) When the General Assembly disapproves a project or item of equipment that was previously approved, it shall be eliminated as a project or major item of equipment in the Capital Projects Program. General fund moneys appropriated for that project or item of equipment but not allotted, and general fund moneys allotted but not expended to the project or equipment account, shall be transferred to the capital construction and equipment purchase contingency account in the capital construction fund. Agency or federal funds for a disapproved project or item, that have been appropriated but unallotted or allotted but unexpended, shall be returned to the appropriate agency fund. Road fund moneys for a disapproved project or item that have been appropriated but unallotted or allotted but unexpended, shall be returned to the Road Fund Surplus Account.
- (10) Projects and major items of equipment disapproved under subsection (9) of this section shall be terminated.
- (11) During any biennium beginning July 1, 1992, and during each biennium thereafter, the amount allotted from all sources for expenditure for the purchase of any major item of

equipment shall not exceed the estimated cost of the item as shown in any branch budget bill, statutory budget memorandum, and biennial budget report enacted by the General Assembly and authorizing the purchase, except as provided in subsections (12) and (13) of this section and in KRS 45.770 and 45.780.

- (12) A major item of equipment to be used for medical, scientific, or research purposes, excluding computer equipment and aircraft, may be authorized even though it is not specifically listed in any branch budget bill, statutory budget memorandum, and biennial budget report enacted for the current biennium, subject to the following conditions and procedures:
- (a) Moneys specifically budgeted and appropriated by the General Assembly for another purpose shall not be reallocated for expenditure on the item; moneys utilized shall not jeopardize any existing program and shall not require the use of any current general funds specifically dedicated to existing programs;
  - (b) Funds are available for the purchase and the method of financing the purchase will not require an additional appropriation of state funds to acquire the item; and
  - (c) The purchasing agency shall, within thirty (30) days after making the purchase, report the purchase to the Capital Projects and Bond Oversight Committee. The report shall include a description of the item, the purpose for which it will be used, the necessity for the purchase, and the amount expended for the purchase from each source of funds used.
- (13) Moneys from any source may be transferred to the allotment account of any capital project authorized by the General Assembly under this section, subject to the following conditions and procedures:
- (a) The total amount transferred shall not exceed fifteen percent (15%) of the amount authorized by the General Assembly unless:
    - 1. The source of funds is private or federal; or
    - 2. An unforeseen decision by a federal or state court or regulatory agency requires the transfer.
  - (b) Moneys specifically budgeted and appropriated by the General Assembly for another purpose shall not be allotted or reallocated for expenditure on the capital project.
  - (c) Moneys utilized shall not jeopardize any existing program and shall not require the use of any current general funds specifically dedicated to existing programs.
  - (d) The relevant entity head, or his designee, shall submit the capital project to the Capital Projects and Bond Oversight Committee at least fourteen (14) days prior to the committee meeting. The submission shall include a written certification to the committee that the transfer, in excess of fifteen percent (15%) of the amount authorized by the General Assembly, is:
    - 1. Paid for out of private or federal funds; or
    - 2. Required by an unforeseen decision by a federal or state court or regulatory agency; and
    - 3. Not allotted or reallocated from moneys specifically budgeted and appropriated by the General Assembly for another purpose; and

4. Not jeopardizing any existing program and not requiring the use of any current general funds specifically dedicated to existing programs.
  - (e) If a capital project is financed with road funds, the cost overruns or scope increases shall be paid out of the highway contingency account established pursuant to KRS 45.247.
- (14) A capital construction project or a major item of equipment may be authorized even though it is not specifically listed in any branch budget bill, statutory budget memorandum, and biennial budget report, subject to the following conditions and procedures:
- (a) Fifty percent (50%) or more of the actual cost shall be funded by federal or private funds, and fifty percent (50%) or less of the actual cost shall be funded by moneys appropriated to the capital construction and equipment purchase contingency account or, if the purpose of the project or equipment is to reduce energy costs, the relevant entity head certifies projected energy cost savings associated with the project or equipment are reasonable and sufficient to produce an aggregate simple payback period, as defined by KRS 56.770, of five (5) years or less;
  - (b) Moneys specifically budgeted and appropriated by the General Assembly for another purpose shall not be allotted or reallocated for expenditure on the project or major item of equipment; moneys utilized shall not jeopardize any existing program and shall not require the use of any current general funds specifically dedicated to existing programs; and
  - (c) The relevant entity head, or his designee, shall submit the project or major item of equipment to the committee for review as provided by KRS 45.800.
- (15) The capital construction and equipment purchase contingency fund may be used to advance funds to projects authorized to be financed by bonds, to finance feasibility studies for projects which may be contemplated for future funding, or to audit the capital projects program when authorized by the General Assembly.
- (16) On or before October 1, each of the three (3) branches of government shall submit to the committee the following information:
- (a) A complete list and summary description of every capital construction project and major item of equipment not completed as of June 30 of the prior fiscal year; and
  - (b) For each project and major item of equipment, as of July 1, of the current fiscal year:
    1. The project phase;
    2. The project account number, project name, and any other term employed to identify the project or major item of equipment;
    3. The available balance in the project or major item of equipment account, and any sums considered available for that project or major item of equipment;
    4. A statement of the transfers of funds to or from the project or major item of equipment account; and, any account to which transfers from each project or major item of equipment has been made;
    5. The year in which the project or major item of equipment was approved, with specific reference to the legislation by which the project or item was approved;
    6. Total expenditure on the project or major item of equipment;

7. The current estimated completion cost, including the amount required for annual inflation; and
  8. A statement that additional funds for the completion of the project or major item of equipment are or are not required; and, if required, why sufficient funds for completion are not available; and
- (c) The balance in the appropriated, but unallotted account; and the balance in any account, however designated, that contains appropriated, but unallotted funds for capital construction.
- (17) When the General Assembly authorizes a capital construction item in the capital construction section of a branch budget bill, the entity head charged with executing the branch budget shall construct the capital construction item according to the requirements set forth in the branch budget bill, statutory budget memorandum, supporting documentation considered by the General Assembly, and branch budget records. The entity head shall not deviate from these requirements with regard to:
- (a) Purpose or location to the extent that the capital construction item no longer meets the identified needs; or
  - (b) Configuration for reasons other than practical accommodation to the construction site or specific program to be accommodated within that capital construction item.

Section 24. KRS 342.843 is amended to read as follows:

- (1) The Attorney General and the Auditor of Public Accounts shall monitor the operations of the authority.
- (2) Either the Attorney General or the Auditor of Public Accounts, or both, may make at any time any examinations or investigations, jointly or severally, of the operations, practices, management, or other matters relating to the authority as they deem necessary. Either of them shall have the power to subpoena witnesses and records for these purposes, and otherwise to compel the giving of evidence for any matter under study. The Attorney General, the Auditor of Public Accounts, or any employee authorized by either of them may require the giving of this evidence under oath and may administer the oath. Any person voluntarily providing information or evidence may be required to do so under oath administered by the Attorney General, the Auditor of Public Accounts, or any employee authorized by either of them. If any person fails or refuses to testify or furnish documentary evidence concerning any matter requested, the Franklin Circuit Court, on application of either the Attorney General or the Auditor of Public Accounts or both, may compel obedience by proceedings for contempt as in the case of disobedience of a subpoena issued from the Circuit Court or of a refusal to testify in the Circuit Court.
- (3) The Attorney General and the Auditor of Public Accounts shall have without restriction:
  - (a) Full access to all records of the authority, except that confidential medical records of employees of insureds are available only by subpoena;
  - (b) Full access to all financial transactions and investigations of the authority; and
  - (c) The right to attend all meetings of the board and its committees.

- (4) If fraud, mismanagement, illegal activity, imprudent practices, or other deficiencies are found in the operations or other practices of the authority, the Attorney General or Auditor of Public Accounts, or both shall:
  - (a) Recommend internal corrective action;
  - (b) Institute a civil action or action for injunctive relief to compel corrective action;
  - (c) Institute criminal proceedings against any officer or employee of the authority or any other person, as defined in KRS 446.010, as may be necessary; or
  - (d) Any combination of the above listed actions or any other form of action reasonably calculated to assure efficient and honest operations of the authority and those involved with it.
- (5) The Attorney General and the Auditor of Public Accounts shall report jointly to the General Assembly in January of each year in which the General Assembly convenes in ***an even-numbered-year*** regular session the results of the monitoring activities required by this section.

Section 25. KRS 342.1223 is amended to read as follows:

- (1) The Kentucky Workers' Compensation Funding Commission is created as an agency of the Commonwealth for the public purpose of controlling, investing, and managing the funds collected pursuant to KRS 342.122.
- (2) The commission shall:
  - (a) Hold, administer, invest, and reinvest the funds collected pursuant to KRS 342.122 and its other funds separate and apart from all "state funds" or "public funds," as defined in KRS Chapter 446;
  - (b) Act as a fiduciary, as defined in KRS Chapter 386, in exercising its power over the funds collected pursuant to KRS 342.122, and may invest association funds through one (1) or more banks, trust companies, or other financial institutions with offices in Kentucky in good standing with the Department of Financial Institutions, in investments described in KRS Chapter 386, except that the funding commission may, at its discretion, invest in nondividend-paying equity securities;
  - (c) Report to the General Assembly at each ***even-numbered-year*** regular session the actuarial soundness and adequacy of the funding mechanism for the special fund and other programs supported by the mechanism, including detailed information on the investment of funds and yields thereon;
  - (d) Recommend to the General Assembly, not later than October 31 of the year prior to each ***even-numbered-year*** regular legislative session, changes deemed necessary in the level of the assessments imposed in this chapter;
  - (e) In conjunction with the Labor Cabinet, submit to the General Assembly, not later than October 31 of the year prior to each ***even-numbered-year*** regular legislative session, a proposed budget for the biennium beginning July 1 following the ***even-numbered-year*** regular session of the General Assembly;
  - (f) In conjunction with the Labor Cabinet, provide to the Interim Joint Committee on Appropriations and Revenue an annual budget and detailed quarterly financial reports;

- (g) Conduct periodic audits, independently or in cooperation with the Labor Cabinet or the Revenue Cabinet, of all entities subject to the assessments imposed in this chapter; and
  - (h) Report monthly to the Committees on Appropriations and Revenue and on Labor and Industry its monthly expenditures of restricted agency funds and the nature of the expenditures.
- (3) The commission shall have all of the powers necessary or convenient to carry out and effectuate the purposes for which it was established, including, but not limited to, the power:
- (a) To sue and be sued, complain, or defend, in its name;
  - (b) To elect, appoint, or hire officers, agents, and employees, and define their duties and fix their compensation within the limits of its budget approved by the General Assembly;
  - (c) To contract for investment counseling, legal, actuarial, auditing, and other professional services in accordance with the provisions relating to personal service contracts contained in KRS Chapter 45A;
  - (d) To appoint, hire, and contract with banks, trust companies, and other entities to serve as depositories and custodians of its investment receipts and other funds;
  - (e) To take any and all other actions consistent with the purposes of the commission and the provisions of this chapter; and
  - (f) To make and promulgate administrative regulations.
- (4) Notwithstanding the provisions of this chapter to the contrary, the Kentucky Workers' Compensation Funding Commission shall utilize the investment expertise and advice of the Office of Financial Management rather than entering into a consulting contract for investment counseling. The fees charged by financial institutions for managing the investments of the funds of the funding commission shall be paid from the investment earnings of the funds.
- (5) The commission shall be attached to the Labor Cabinet for administrative purposes only.

Section 26. KRS 304.17A-665 is amended to read as follows:

Sixty (60) days prior to the regular session of the General Assembly in 2002, and sixty (60) days prior to each subsequent *even-numbered-year* regular session of the General Assembly, the commissioner shall submit a written report to the Legislative Research Commission on the impact on health insurance costs of KRS 304.17A-660 to 304.17A-669.

Section 27. KRS 198A.165 is amended to read as follows:

The corporation shall be authorized and empowered in connection with the issuance of its bonds and notes for housing purposes pursuant to this chapter to establish in respect of such bonds and notes such reserve funds or replacement funds as may be required in the sound discretion of the board of directors of the corporation to enable the corporation to effectuate its proper public purposes. In the event any such reserve fund or replacement fund created by the corporation in connection with any such bond issue or note issue should, in violation of any contract made by the corporation with any bondholder or note holder be monetarily deficient in any respect as of any date of accounting so stipulated by the corporation, the corporation shall immediately make formal request in writing to the secretary of the Finance and Administration Cabinet, and to the Governor of Kentucky that sums adequate to restore such reserve fund or replacement fund to its

contractually required level and to pay any overdue principal and interest on any outstanding bonds and notes of the corporation be included in the next succeeding executive budget, and that such budget request with recommendation for approval by the General Assembly to the corporation for the use and benefit of such reserve fund or replacement fund. In the event the next scheduled *even-numbered-year* regular session of the General Assembly of Kentucky shall occur more than six (6) months after any such request by the corporation, the corporation shall request that sums adequate to restore such reserve fund or replacement fund to such contractually required level and to pay any overdue principal and interest on any outstanding bonds and notes of the corporation be made available from the Governor's contingency fund, and if such funds are so made available the budget request hereinabove described in this section shall be correspondingly reduced.

Section 28. KRS 164A.160 is amended to read as follows:

The corporation shall be authorized and empowered in connection with the issuance of its bonds and notes for student loan purposes pursuant to this chapter to establish in respect of such bonds and notes such reserve funds or replacement funds as may be required in the sound discretion of the board of directors of the corporation to enable the corporation to effectuate its proper public purposes. In the event any such reserve fund or replacement fund created by the corporation in connection with any such bond issue or note issue should, in violation of any contract made by the corporation with any bondholder or noteholder be monetarily deficient in any respect as of any date of accounting so stipulated by the corporation, the corporation shall immediately make formal request in writing to the secretary of the Finance and Administration Cabinet, and to the Governor of Kentucky that sums adequate to restore such reserve fund or replacement fund to its contractually required level and to pay any overdue principal and interest on any outstanding bonds and notes of the corporation be included in the next succeeding executive budget, and that such budget request with recommendation for approval by the General Assembly of an appropriated legislative appropriation by the General Assembly to the corporation for the use and benefit of such reserve fund or replacement fund be submitted to such session of the General Assembly. In the event the next scheduled *even-numbered-year* regular session of the General Assembly of Kentucky shall occur more than six (6) months after any such request by the corporation, the corporation shall request that sums adequate to restore such reserve fund or replacement fund to such contractually required level and to pay any overdue principal and interest on any outstanding bonds and notes of the corporation be made available from the Governor's contingency fund, and if such funds are so made available the budget request hereinabove described in this section shall be correspondingly reduced.

Section 29. KRS 64.780 is amended to read as follows:

- (1) The board may at any time submit to any county official a written questionnaire concerning the affairs of his office. Every official shall answer fully and completely all questions so propounded and shall return the questionnaire to the chairman within fourteen (14) days.
- (2) The board shall submit a written report to the interim legislative committee having jurisdiction of matters relating to county government and county officials by October 1 of every odd-numbered year and to every *even-numbered-year* regular session of the General Assembly containing recommendations concerning the compensation of county officials, including but not limited to the following items:
  - (a) Consolidation of the offices of sheriff and jailer in all counties or in certain classes of counties;

- (b) Methods to improve the auditing and accounting systems of county officials;
- (c) Means to classify counties or county officials;
- (d) Based on a classification system, salary grades for county officials for each class;
- (e) Guidelines for the expenditure of income of the offices of county officials;
- (f) Increase, decrease, creation, or abolishment of any state-financed compensation fund or expense account for county officials;
- (g) Establishment of a minimum salary for county officials and the amount thereof;
- (h) Increase or decrease in the maximum salary allowed county officials and the amount thereof;
- (i) Revision and clarification of fee schedules of county officials; and
- (j) Retirement system and benefits for county officials.

Section 30. KRS 164A.080 is amended to read as follows:

- (1) The corporation may provide for the issuance, at one (1) time or from time to time, of not exceeding nine hundred fifty million dollars (\$950,000,000) in bonds of the corporation to carry out and effectuate its corporate purposes and powers. In anticipation of the issuance of bonds, the corporation may provide for the issuance, at one (1) time or from time to time, of bond anticipation notes. The principal of and the interest on bonds or notes shall be payable solely from the funds provided for payment. Any notes may be made payable from the proceeds of bonds or renewal notes or, if bond or renewal note proceeds are not available, notes may be paid from any available revenues or assets of the corporation. The bonds or notes of each issue shall be dated and may be made redeemable before maturity at the option of the corporation at the price or prices and under the terms and conditions determined by the corporation. Any bonds or notes shall bear interest at a rate or rates determined by the corporation. Notes shall mature at a time or times not exceeding five (5) years from their date or dates and bonds shall mature at a time or times not exceeding thirty (30) years from their date or dates, as determined by the corporation. The corporation shall determine the form and manner of execution of the bonds or notes, including any interest coupons to be attached, and shall fix the denomination or denominations and the place or places of payment of principal and interest, which may be any bank or trust company within or without the state. If any officer whose signature or a facsimile of whose signature appears on any bonds or notes or coupons attached to them shall cease to be an officer before the delivery of the bonds or notes, the signature or facsimile shall be valid and sufficient for all purposes as if he had remained in office until the delivery. The corporation may also provide for the authentication of the bonds or notes by a trustee or fiscal agent. The bonds or notes may be issued in coupon or in registered form, or both, as the corporation may determine, and provision may be made for the registration of any coupon bonds or notes as to principal alone and also as to both principal and interest, and for the reconversion into coupon bonds or notes of any bonds or notes registered as to both principal and interest, and for the interchange of registered and coupon bonds or notes. Upon the approval of a resolution of the corporation authorizing the sale of its bonds or notes, the bonds or notes may be sold in a manner, either at public or private sale, and for a price the corporation shall determine to be for the best interest of the corporation and best effectuate the purposes of this chapter if the sale is approved by the corporation.

- (2) The proceeds of any bonds or notes shall be used solely for the purposes for which they are issued and shall be disbursed in a manner and under restrictions, if any, the corporation may provide in the resolution authorizing the issuance of bonds or notes or in the trust agreement securing the bonds or notes. The principal of and interest on any bonds issued by the corporation shall be payable only from the proceeds derived by the corporation from insured student loans made and purchased from the proceeds of the bonds.
- (3)
  - (a) Prior to the issuance of any bonds or notes that are not secured by the repayment of student loans at least ninety-five percent (95%) insured by the guarantee agency and reinsured by the United States of America, the corporation shall obtain approval of the issuance from the General Assembly in accordance with the provisions of KRS 56.870(1). This requirement shall not apply to refunding bond or note issues which are for the purpose of achieving debt service savings and which do not extend the term of the refunded bond or note.
  - (b) Notwithstanding paragraph (a) of this subsection, if during the interim of sessions of the General Assembly, the federal act is amended to reduce to less than ninety-five percent (95%) the maximum rate of insurance payable by the guarantee agency or reinsurance payable by the Secretary of Education of the United States on insured student loans, upon notification by the corporation to the Legislative Research Commission of the change in the federal act, the corporation may, until the adjournment of the next *even-numbered-year* regular session of the General Assembly, issue bonds or notes for student loans insured by the guarantee agency and reinsured by the Secretary of Education of the United States to the maximum extent permitted by the federal act.

**Approved March 15, 2001**