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, or Federal Funds accounts for the fiscal year beginning July 1, 2005, and ending June 30, 2006, for the fiscal year beginning July 1, 2006, and ending June 30, 2007, and for the fiscal year beginning July 1, 2007, and ending June 30, 2008, 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

	2006-07	**2007-08**
General Fund	9,734,400	9,816,100
Restricted Funds	388,200	388,200
TOTAL	10,122,600	10,204,300

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

(2) Governor's Scholars Program: Included in the above General Fund appropriation is $2,180,100 in fiscal year 2006-2007 and $2,297,800 in fiscal year 2007-2008 for the Governor's Scholars Program.

[~~**(3) Employees of Governor's Scholars Program, Inc.:** For the purposes of salary and fringe benefits, employees of Governor's Scholars Program, Inc. shall be considered state employees.~~] *(Veto #1)*

2. OFFICE OF STATE BUDGET DIRECTOR

	2006-07	**2007-08**
General Fund	4,433,400	4,433,400
Restricted Funds	80,600	136,800
TOTAL	4,514,000	4,570,200

3. STATE PLANNING FUND

	2006-07	**2007-08**
General Fund	250,000	250,000

4. HOMELAND SECURITY

	2006-07	**2007-08**
General Fund	350,000	350,000
Restricted Funds	440,000	440,000
Federal Funds	40,000,000	40,000,000
Road Fund	350,000	350,000

TOTAL	41,140,000	41,140,000

(1) Reviewing of Applications: The Kentucky Office of Homeland Security shall consult with Local Area Development Districts and local government entities while reviewing applications to determine qualified grant recipients.

(2) Statewide Annual Report: The Kentucky Office of Homeland Security shall prepare an annual report that identifies the state homeland security priorities based on National Homeland Security Priorities and shall include:

a. An assessment of the Commonwealth's preparedness to respond to acts of war or terrorism, including nuclear, biological, chemical, electromagnetic pulse, agricultural, ecological, or cyber terrorism;

b. Identify the priority of needs, areas of improvement, and the overall progress made with regard to the Commonwealth's preparedness; and

c. Provide a record of all federal homeland security funding, including grants of all federal homeland security funding distributed in Kentucky since the last annual written report, as well as any other relevant homeland security funding information gathered by the Kentucky Office of Homeland Security. The record shall identify, at a minimum, the specific federal source, the amount, the specific recipient, the intended use of the funding, the actual use of the funding, and any unspent amount.

The report shall be approved by the Homeland Security Interagency Working Group. The Homeland Security Interagency Working Group shall include the chair of the Senate Committee on Veterans, Military Affairs, and Public Protection, the chair of the House Committee on Seniors, Military Affairs, and Public Safety, a state agency representative, and a private agency representative.

The annual report shall be submitted to the Legislative Research Commission by October 25 of each year for a public hearing to be conducted by a joint meeting of the Senate Committee on Veterans, Military Affairs, and Public Protection and the House Committee on Seniors, Military Affairs, and Public Safety for the purpose of receiving

comments on the statewide report and critique of the criteria established for determining the award of homeland security funds. The Executive Director of the Kentucky Office of Homeland Security shall report all findings of fact or any other reports or recommendations presented at the public hearing to the Homeland Security Working Group.

(3) Grant Recipient Report: The Kentucky Office of Homeland Security shall[~~, within 15 days of the final award of grants,~~] *(Veto #2)* report the list of recipients to the Legislative Research Commission.

(4) Application Background Data: The Kentucky Office of Homeland Security shall, upon request of the Commission, make available to the Commission all grant applications submitted to the office, score sheets, and procedures for funding.

5. DEPARTMENT OF VETERANS' AFFAIRS

	2006-07	**2007-08**
General Fund	15,436,200	16,669,700
Restricted Funds	24,713,700	24,905,700
TOTAL	40,149,900	41,575,400

(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 2006-2008 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) Military Burial Honor Guard Program: Included in the above General Fund appropriation is an additional $35,000 in each fiscal year to support the Military Burial Honor Guard Program/Veterans' Service Organizational Burial Honor Guard Trust

Fund for providing proper support and decorum for veterans' funeral honors. These funds shall not lapse nor be utilized for other than the intended purposes.

Pursuant to KRS 36.390, the Department of Military Affairs shall coordinate with the Department of Veterans' Affairs and the Board of Embalmers and Funeral Directors on the implementation of the Military Burial Honor Guard Program. The Board of Embalmers and Funeral Directors shall mail program notification letters to all licensed embalmers and funeral directors with information related to the program description and contacts for the Military Burial Honor Guard Program. These letters shall be mailed with the annual renewal notifications prior to July 1 each year. New applicants will receive their notification of the program at the time of licensing. The Board of Embalmers and Funeral Directors shall establish a section on the Board's Web site pertaining to the Military Burial Honor Guard Program. The Department of Military Affairs and the Department of Veterans' Affairs shall report to the Interim Joint Committee on Seniors, Veterans, Military Affairs, and Public Protection prior to January 1, 2007, on the implementation of the Military Burial Honor Guard Program. The report shall include recommendations on organizational related matters, training and continuing education needs, equipment requirements for organizations performing or coordinating the honors ceremonies, and the expenditure of funds.

(4) Debt Service: Included in the above General Fund appropriation is $84,000 in fiscal year 2006-2007 and $168,000 in fiscal year 2007-2008 for debt service to support new bonds for the Western Kentucky Veterans' Center as set forth in Part II, Capital Projects Budget, of this Act.

6. GOVERNOR'S OFFICE OF AGRICULTURAL POLICY

	2006-07	**2007-08**
General Fund (Tobacco)	17,469,800	20,065,100
General Fund	3,000,000	-0-
Restricted Funds	545,800	570,000

TOTAL	21,015,600	20,635,100

(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) Partial Phase II Litigation Proceeds: Notwithstanding KRS 45.229, General Fund dollars of $27,000,000 representing Partial Phase II Litigation proceeds that were appropriated in fiscal year 2005-2006 pursuant to 2005 House Bill 267 (2005 Ky. Acts ch. 173, Part X, Phase I Tobacco Settlement, B.3.a.(4)), shall not lapse in fiscal years 2005-2006, 2006-2007, and 2007-2008. To the extent possible, all General Fund dollars shall be expended from the account prior to the expenditure of Tobacco Fund dollars.

(4) Restoration of Funds: Notwithstanding KRS 45.229, General Fund dollars of $3,000,000 representing the restoration of funds, shall not lapse in fiscal year 2006-2007 and fiscal year 2007-2008. Included in the above General Fund appropriation in fiscal year 2006-2007 is an additional $3,000,000 for the restoration of funds resulting from the Master Settlement Agreement appropriation adjustment resulting from the reduced Consensus Forecasting Group estimates in fiscal year 2005-2006.

7. KENTUCKY INFRASTRUCTURE AUTHORITY

	2006-07	**2007-08**
General Fund	2,343,500	25,744,100
Restricted Funds	1,483,300	1,752,600
Federal Funds	50,172,600	50,172,600
TOTAL	53,999,400	77,669,300

(1) Federally Assisted Wastewater Revolving Loan Fund Program: Included in the above General Fund appropriation is $188,000 in fiscal year 2007-2008 for debt service to support $4,000,000 in bonds to match $20,000,000 in Federal Funds for the Federally Assisted Wastewater Revolving Loan Fund Program (Fund A).

(2) Safe Drinking Water State Revolving Loan Fund Program: Included in the above General Fund appropriation is $188,000 in fiscal year 2007-2008 for debt service to support $4,000,000 in bonds to match $22,000,000 in Federal Funds for the Safe Drinking Water State Revolving Loan Fund Program (Fund F). The Federal Funds for this program are appropriated in the operating budget to comply with the Federal Cash Management Act. The required state matching funds are appropriated as Bond Funds in Part II, Capital Projects Budget, of this Act.

(3) 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.

(4) Local Government Economic Development Funds: Included in the above General Fund appropriation is $370,000 in fiscal year 2006-2007 and $311,700 in fiscal year 2007-2008 from the Local Government Economic Development Fund to support services provided to coal-producing counties.

(5) Infrastructure for Economic Development Fund for Non-Coal Producing Counties: Included in the above General Fund appropriation is $13,968,000 in fiscal year 2007-2008 for debt service to support $150,000,000 Bond Funds for the Infrastructure for Economic Development Fund for Non-Coal Producing Counties as set forth in Part II, Capital Projects Budget, of this Act.

(6) Infrastructure for Economic Development Fund for Coal-Producing Counties: Included in the above General Fund appropriation is $9,312,000 in fiscal year 2007-2008 for debt service to support $100,000,000 Bond Funds for the Infrastructure for Economic Development Fund for Coal-Producing Counties as set forth in Part II, Capital Projects Budget, of this Act.

8. MILITARY AFFAIRS

	2006-07	**2007-08**
General Fund	12,588,700	12,799,700
Restricted Funds	24,271,500	24,271,500
Federal Funds	62,302,800	62,660,700
TOTAL	99,163,000	99,731,900

(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 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 to 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).

(3) Base Realignment and Closure: Included in the above General Fund appropriation is $300,000 in fiscal year 2006-2007 and $300,000 in fiscal year 2007-2008 for the Kentucky Commission on Military Affairs to support Kentucky's efforts

regarding the Base Realignment and Closure process. The Department of Military Affairs shall continue to provide administrative support for this activity.

(4) Patton Museum: Included in the above General Fund appropriation is an additional $500,000 in fiscal year 2006-2007~~[and $500,000 in fiscal year 2007-2008]~~ *(Veto #3)* for the Kentucky Commission on Military Affairs to provide funds for a grant to support the operations of the Patton Museum. The Department of Military Affairs shall provide administrative support for this activity.

(5) Military Burial Honor Guard Program: Included in the above General Fund appropriation is an additional $200,000 in each fiscal year to support the Military Burial Honor Guard Program/Military Burial Honor Guard Trust Fund for providing the proper support and decorum for military funeral honors pursuant to KRS 36.390 to 36.396. These funds shall not lapse nor be utilized for other than the intended purposes.

Pursuant to KRS 36.390, the Department of Military Affairs shall coordinate with the Department of Veterans' Affairs and the Board of Embalmers and Funeral Directors on the implementation of the Military Burial Honor Guard Program. The Board of Embalmers and Funeral Directors shall mail program notification letters to all licensed embalmers and funeral directors with information related to program description and contacts for the Military Burial Honor Guard Program. These letters shall be mailed with the annual renewal notifications prior to July 1 each year. New applicants will receive their notification of the program at the time of licensing. The Board of Embalmers and Funeral Directors shall establish a section on the Board's web site pertaining to the Military Burial Honor Guard Program. The Department of Military Affairs and the Department of Veterans' Affairs shall report to the Interim Joint Committee on Seniors, Veterans, Military Affairs, and Public Protection prior to January 1, 2007, on the implementation of the Military Burial Honor Guard Program. The report shall include recommendations on organizational related matters, training and continuing education

needs, equipment requirements for organizations performing or coordinating the honors ceremonies, and the expenditure of funds.

(6) Debt Service: Included in the above General Fund appropriation is $211,000 in fiscal year 2006-2007 and $422,000 in fiscal year 2007-2008 for debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(7) Military Family Assistance Trust Fund: Included in the above General Fund appropriation is an additional $500,000 each fiscal year to provide funding to support the Military Family Assistance Trust Fund as codified in Part XXVIII of this Act. Of the total General Fund appropriation, $400,000 each fiscal year shall be used as proceeds for the Fund and $100,000 shall be used for operations.

(8) Morehead/Rowan County Airport: The Kentucky National Guard may accept any available federal dollars for construction of a road to the Morehead/Rowan County Airport. The Kentucky National Guard shall work with the Transportation Cabinet to complete this project.

9. COMMISSION ON HUMAN RIGHTS

	2005-06	**2006-07**	**2007-08**
General Fund	-0-	1,840,900	1,859,100
Restricted Funds	-0-	1,700	1,600
Federal Funds	126,100	293,400	305,700
TOTAL	126,100	2,136,000	2,166,400

10. COMMISSION ON WOMEN

	2006-07	**2007-08**
General Fund	266,200	266,200
Restricted Funds	25,600	24,400
TOTAL	291,800	290,600

11. GOVERNOR'S OFFICE FOR LOCAL DEVELOPMENT

	2006-07	**2007-08**

General Fund	13,498,500	20,887,400
Restricted Funds	2,585,600	2,085,600
Federal Funds	55,564,200	55,564,200
TOTAL	71,648,300	78,537,200

(1) Flood Control Matching Fund Project Review: The Governor's Office for Local Development shall transmit a copy of the application for a flood-related project to be funded from the flood control matching fund to the Environmental and Public Protection Cabinet with a request for a review of the project pursuant to KRS Chapter 151.

(2) Owenton/Owen County Natural Gas Line Project: Included in the above General Fund appropriation is $234,000 in fiscal year 2007-2008 to provide new debt service for the Owenton/Owen County Natural Gas Line Project as set forth in Part II, Capital Projects Budget, of this Act.

(3) Support of the 12 Multicounty Regional Industrial Park Authorities: Included in the above Restricted Funds appropriation is $300,000 in fiscal year 2006-2007 and $300,000 in fiscal year 2007-2008 in support of the 12 multicounty regional industrial park authorities. Funds shall be distributed equally to the 12 multicounty regional industrial park authorities for marketing and maintenance of the industrial parks and the procurement of property and casualty insurance on the parks.

(4) Buckhorn Children's Home: Included in the above Restricted Funds appropriation is $500,000 in fiscal year 2006-2007 for a grant to the Buckhorn Children's Home.

(5) Prior Year Funded Community Development Projects: Notwithstanding any statutory provision or agreement between a state agency and any local government to the contrary, any fund balance remaining in any Community Development Project appropriated in 2000 Ky. Acts ch. 549, Part II, Section R, remain authorized and may be retained by the local entity and expended in a manner consistent with the intent and

purpose of the appropriation. The Secretary of the Finance and Administration Cabinet, pursuant to KRS 48.500, shall make any determination necessary to effect this provision.

(6) Debt Service - Warren County Fiscal Court - Transpark - Rail Spur: Included in the above General Fund appropriation is $422,000 in fiscal year 2007-2008 for debt service to support $4,500,000 Bond Funds for the Warren County Fiscal Court Transpark, for Rail Spur and Infrastructure Improvements, as set forth in Part II, Capital Projects Budget, of this Act.

(7) Jessamine County Fiscal Court - Building Restoration in Nicholasville: Included in the above General Fund appropriation is $300,000 in fiscal year 2006-2007 for a grant to Jessamine County Fiscal Court for building restoration in Nicholasville.

(8) Chamber of Commerce/Vision 2015 Northern Kentucky Encyclopedia: Included in the above General Fund appropriation is $100,000 in fiscal year 2006-2007 for a grant to Chamber of Commerce/Vision 2015 Northern Kentucky Encyclopedia.

(9) Scott County Fiscal Court - Buffalo Park Improvement and Infrastructure: Included in the above General Fund appropriation is $150,000 in fiscal year 2006-2007 for a grant to Scott County Fiscal Court for the Buffalo Park Improvement and Infrastructure.

(10) City of Covington - Timestar Commons - Planning: Included in the above General Fund appropriation is $250,000 in fiscal year 2006-2007 for a grant to the City of Covington for Timestar Commons planning.

(11) City of Ludlow - Municipal Meeting Center: Included in the above General Fund appropriation is $225,000 in fiscal year 2006-2007 for a grant to the City of Ludlow for Phases I through III of the upgrade and renovation of the Municipal Meeting Center.

(12) Richmond Arts Council: Included in the above General Fund appropriation is $100,000 in fiscal year 2006-2007 and $100,000 in fiscal year 2007-2008 for a grant to the Richmond Arts Council.

(13) Debt Service - Community Development Fund Projects: Included in the above General Fund appropriation is $7,045,000 in fiscal year 2007-2008 for debt service to support $75,658,000 in Bond Funds for the Community Development Fund Projects, as set forth in Part II, Capital Projects Budget, of this Act.

[~~**(14) Debt Service - Louisville Zoo - Glacier Run**: Included in the above General Fund appropriation is $561,000 in fiscal year 2007-2008 for debt service on $6,000,000 Bond Funds for the Louisville Zoo - Glacier Run project as set forth in Part II, Capital Projects Budget, of this Act.~~] *(Veto #4)*

12. LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	2006-07	**2007-08**
General Fund	52,535,600	51,443,100

13. LOCAL GOVERNMENT ECONOMIC DEVELOPMENT FUND

	2006-07	**2007-08**
General Fund	51,716,800	50,453,700

(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) 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 2006-2007 and $1,000,000 in fiscal year 2007-2008 has been credited to the Trover Clinic Grant within the Governor's Office for Local Development.

(3) Community Development Office: 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 2006-2007 and

$728,000 in fiscal year 2007-2008 is appropriated as General Fund moneys to the Community Development Office in the Governor's Office for Local Development.

(4) 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 2006-2007 and $311,700 in fiscal year 2007-2008 is appropriated as General Fund moneys to the Kentucky Infrastructure Authority.

(5) Tourism Marketing Program: Notwithstanding KRS 42.4588, $1,000,000 in fiscal year 2006-2007 and $1,000,000 in fiscal year 2007-2008 shall be transferred from the Local Government Economic Development Fund, Multi-County Fund, to the Tourism Marketing Program within the Commerce Cabinet. Fees for professional artists and entertainers performing on the Kentucky Music Trail shall be paid from the Tourism Marketing Program.

(6) 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 $4,000,000 in fiscal year 2006-2007 and $4,000,000 in fiscal year 2007-2008 is appropriated as General Fund moneys to the Read to Achieve Program within the Department of Education.

(7) Drug Courts: Notwithstanding KRS 42.4588, $1,300,000 in fiscal year 2006-2007 and $1,800,000 in fiscal year 2007-2008 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.

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

(9) 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 2006-2007 and fiscal year 2007-2008.

(10) Energy Research and Development Fund: Notwithstanding KRS 42.4588, $3,500,000 in fiscal year 2006-2007 and $3,500,000 in fiscal year 2007-2008 shall be transferred from the Local Government Economic Development Fund to the Office of Energy Policy within the Commerce Cabinet as General Fund moneys. These funds shall be used for research projects relating to clean coal, new combustion technology, thin-seam coal extraction research, 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 shall be targeted solely to Kentucky's Local Government Economic Development Fund-eligible counties. The Office of Energy Policy 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.

(11) School Facilities Construction Commission: 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 2006-2007 shall be made only after funds totaling $4,617,900, and in fiscal year 2007-2008 shall be made only after funds totaling $4,617,900, is appropriated as General Fund moneys to the School Facilities Construction Commission to provide debt service to support previously authorized bonds.

(12) 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 $4,091,900 in fiscal year 2006-2007 and $4,091,900 in fiscal year 2007-2008 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.

(13) KIA Infrastructure for Economic Development Fund for Coal-Producing Counties: Notwithstanding KRS 42.4588, funds totaling $7,450,000 in fiscal year 2006-2007 and $7,450,000 in fiscal year 2007-2008 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 previously authorized bonds for the Infrastructure for Economic Development Fund for Coal-Producing Counties, Bond Pool.

(14) 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.

(15) Flood Matching/State Owned Dam Repair Pool: 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 $800,000 in fiscal year 2006-2007 and $800,000 in fiscal year 2007-2008 is appropriated as General Fund moneys to the Governor's Office for Local Development.

Notwithstanding KRS 42.4588, $700,000 in fiscal year 2006-2007 and $700,000 in fiscal year 2007-2008 shall be transferred from the Local Government Economic

Development Fund, Multi-County Fund, to the Flood Matching/State Owned Dam Repair Pool within the Governor's Office for Local Development.

(16) 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 $1,024,300 in fiscal year 2006-2007 and $1,024,300 in fiscal year 2007-2008, within the Kentucky Higher Education Assistance Authority.

(17) Operation Unite: Notwithstanding KRS 42.4588, funds totaling $1,250,000 in fiscal year 2006-2007 and $1,250,000 in fiscal year 2007-2008 shall be transferred from the Local Government Economic Development Fund, Multi-County Fund, to the Office of Drug Control Policy for Operation Unite in relation to the Federal Task Force on Drug Abuse.

(18) 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 $200,000 in fiscal year 2006-2007 and $200,000 in fiscal year 2007-2008 is appropriated as General Fund moneys to the University of Kentucky for the Mining Engineering Scholarship Program.

(19) 404 Permitting Program: Notwithstanding KRS 42.4588, $300,000 in fiscal year 2006-2007 and $300,000 in fiscal year 2007-2008 shall be transferred from the Local Government Economic Development Fund, Multi-County Fund, to the U.S. Clean Water Act section for 404 Permitting Program in the Environmental and Public Protection Cabinet, Division of Water. These funds will only be made available after the Commonwealth assumes primacy over the 404 Permitting Program.

(20) School Technology: Notwithstanding 42.4588, $5,000,000 in fiscal year 2006-2007 and $5,000,000 in fiscal year 2007-2008 shall be transferred from the Local

Government Economic Development Fund, Multi-County Fund, to the Office of Operations and Support Services within the Department of Education for school technology purposes.

(21) 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 Governor's Office for Local Development or the Kentucky Infrastructure Authority, as appropriate.

(22) Support of the 12 Multicounty Regional Industrial Park Authorities: Notwithstanding KRS 42.4588, funds totaling $300,000 in fiscal year 2006-2007 and $300,000 in fiscal year 2007-2008 shall be transferred from the Local Government Economic Development Fund, Multi-County Fund, to the Governor's Office for Local Development to be distributed equally to the 12 multicounty 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.~~[The Cabinet for Economic Development is directed to evaluate the ongoing marketing, maintenance, and insurance needs of multicounty regional industrial parks and make necessary expenditures from the Multi-County Fund to ensure viability of these parks.]~~*(Veto #5)*

(23) Coal Severance Tax Receipts: The appropriations of severance tax receipts made in this Act shall not lapse but shall be carried forward at the end of each fiscal year.

(24) Buckhorn Children's Home: Notwithstanding KRS 42.4588, funds totaling $500,000 in fiscal year 2006-2007 shall be transferred from the Local Government Economic Development Fund, Multi-County Fund, to the Governor's Office for Local Development to be distributed as a grant to the Buckhorn Children's Home.

(25) Infrastructure for Economic Development Fund for Coal Producing 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 $1,164,000 in fiscal year 2007-2008 is appropriated as General Fund moneys to the Kentucky Infrastructure Authority for debt service on $100,000,000 Bond Funds for the Infrastructure for Economic Development Fund for Coal-Producing Counties.

Notwithstanding KRS 42.4588, funds totaling $8,148,000 in fiscal year 2007-2008 shall be transferred from the Local Government Economic Development Fund, Multi-County Fund, to the Kentucky Infrastructure Authority for debt service on $100,000,000 Bond Funds for the Infrastructure for Economic Development Fund for Coal-Producing Counties.

(26) Industrial Park Priority: Notwithstanding KRS 42.4588(2), any county that is providing at least $1,000,000 from their Local Government Economic Development Fund, Single County Account for an industrial park project, shall be given higher priority when applying for Local Government Economic Development Fund, Multi-County Fund dollars for the same project.

(27) Pharmacy Scholarship Fund: Notwithstanding KRS 42.4582 and 42.4585, the quarterly calculation and transfer of the funds in fiscal year 2007-2008 shall be made only after each quarterly installment of the annual appropriation of $1,000,000 has been credited to the Pharmacy Scholarship Fund within the Kentucky Higher Education Assistance Authority.

(28) Kentucky Geological Survey: Notwithstanding KRS 42.4588, funds totaling $250,000 in fiscal year 2007-2008 shall be transferred from the Local Government Economic Development Fund, Multi-County Fund, to the University of Kentucky for the Kentucky Geological Survey.

	2006-07	2007-08

14. AREA DEVELOPMENT FUND

General Fund	809,700	809,700

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

15. EXECUTIVE BRANCH ETHICS COMMISSION

	2005-06	2006-07	2007-08
General Fund	62,400	435,000	444,000
Restricted Funds	-0-	1,500	1,500
TOTAL	62,400	436,500	445,500

16. SECRETARY OF STATE

	2006-07	2007-08
General Fund	2,299,300	2,298,100
Restricted Funds	849,200	900,000
TOTAL	3,148,500	3,198,100

(1) Carry Forward of Restricted Funds Appropriation Balance: Notwithstanding KRS 14.140(3), the above Restricted Funds appropriations shall not lapse and shall be used for the continuation of current activities within the General Administration unit and for the operations and staff of the Uniform Commercial Code Branch.

17. BOARD OF ELECTIONS

	2006-07	2007-08
General Fund	4,878,500	4,861,900
Restricted Funds	77,600	93,900
Federal Funds	10,000,000	5,628,500
TOTAL	14,956,100	10,584,300

(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 (KRS 48.705). Notwithstanding KRS 45.229, any unexpended balance from the General Fund appropriation necessary to match Federal Funds shall not lapse and shall carry forward to fiscal year 2006-2007 and fiscal year 2007-2008.

(2) Cost of Elections: Included in the above General Fund appropriation is $3,280,900 in fiscal year 2006-2007 and $3,291,100 in fiscal year 2007-2008 to pay the state's share of county election expenses (KRS 117.345) and the state's share of voter registration expenses (KRS 116.112(7), 116.145, and 117.343). Notwithstanding KRS 117.345(2), the maximum state payment rate is increased from the current statutory level of $255 to $300 per precinct per election to each precinct using voting machines. Any amount that the state is required to pay for precinct election expenses under the provisions of KRS 116.112(7), 116.145, 117.343, and 117.345 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).

18. REGISTRY OF ELECTION FINANCE

	2006-07	**2007-08**
General Fund	1,547,100	1,571,700

19. ATTORNEY GENERAL

	2006-07	**2007-08**
General Fund	14,276,500	14,113,100
Restricted Funds	9,167,300	9,109,100
Federal Funds	2,437,000	2,531,500
TOTAL	25,880,800	25,753,700

(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 2006-2008 fiscal biennium for this purpose to the Office of the Attorney General. The Office 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.

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

	2006-07	**2007-08**
General Fund	31,752,200	32,558,100
Restricted Funds	234,000	249,900
Federal Funds	179,700	186,500
TOTAL	32,165,900	32,994,500

b. County Attorneys

	2006-07	**2007-08**
General Fund	26,875,000	27,752,300
Restricted Funds	23,000	23,500
Federal Funds	472,700	502,000
TOTAL	27,370,700	28,277,800

TOTAL - UNIFIED PROSECUTORIAL SYSTEM

	2006-07	**2007-08**
General Fund	58,627,200	60,310,400
Restricted Funds	257,000	273,400
Federal Funds	652,400	688,500
TOTAL	59,536,600	61,272,300

21. TREASURY

	2006-07	**2007-08**
General Fund	2,171,300	2,210,400

Restricted Funds	744,500	753,100
Road Fund	250,000	250,000
TOTAL	3,165,800	3,213,500

(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 2006-2008 fiscal biennium, $744,500 and $753,100 is appropriated to provide funding for services performed by the Unclaimed Property Division of the Department of the Treasury.

22. AGRICULTURE

	2006-07	**2007-08**
General Fund	19,803,100	21,529,700
Restricted Funds	4,937,200	4,548,900
Federal Funds	3,947,400	3,889,200
TOTAL	28,687,700	29,967,800

(1) Breathitt Veterinary Center and Diagnostic Laboratories: Included in the above General Fund appropriation is $478,500 in fiscal year 2006-2007 and $478,500 in fiscal year 2007-2008 for the Breathitt Veterinary Center at Murray State University and $478,500 in fiscal year 2006-2007 and $478,500 in fiscal year 2007-2008 for the University of Kentucky for the diagnostic laboratories.

(2) Enforcement of Tobacco Product Sale Restrictions: Included in the above General Fund appropriation is $260,000 in fiscal year 2006-2007 and $260,000 in fiscal year 2007-2008 to carry out the provisions of KRS 438.335.

(3) Purchase of Agricultural Conservation Easement (PACE) Program: The 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 Purchase of Agricultural Conservation Easement (PACE) Program.

(4) 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.

(5) County Fair Grants: Included in the above General Fund appropriation is $495,000 in fiscal year 2006-2007 and $495,000 in fiscal year 2007-2008 to support the capital improvement grants to the Local Agricultural Fair Program.

[~~**(6) Debt Service:** Included in the above General Fund appropriation is $462,000 in fiscal year 2007-2008 for debt service to support new bonds for Animal Shelters as set forth in Part II, Capital Projects Budget, of this Act.~~] *(Veto #4)*

23. AUDITOR OF PUBLIC ACCOUNTS

	2006-07	**2007-08**
General Fund	5,829,900	5,828,300
Restricted Funds	3,297,500	3,297,500
TOTAL	9,127,400	9,125,800

(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) Audit Records and Status Reports: The Auditor of Public Accounts shall report in writing each 60 days to the Interim Joint Committee on Appropriations and Revenue the progress of all state audits, together with copies of all completed audits. The

Auditor of Public Accounts shall maintain a record of all time and expenses for each audit or investigation.

(4) 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 auditors who have accumulated 240 hours of compensatory time and instead to convert those hours to sick leave.

(5) Auditor Salary Equity: Included in the above General Fund appropriation are funds to provide an increase to each merit classified auditor within the Auditor of Public Accounts office to be added to the eligible employee's base salary effective July 1, 2006. The Secretary of the Personnel Cabinet shall take such action to develop a revised classification and salary compensation schedule to implement this provision in consultation with the Auditor of Public Accounts to be effective by July 1, 2006. This salary increase shall be in addition to any salary increase provided to state employees included in this Act.

24. PERSONNEL BOARD

	2005-06	**2006-07**	**2007-08**
General Fund	38,600	-0-	-0-
Restricted Funds	-0-	754,500	767,100
TOTAL	38,600	754,500	767,100

(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, as appropriated above. 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 each year of the biennium. The Secretary of the Finance and Administration Cabinet shall collect the assessment and allot these Restricted Funds for the routine

operations of the Personnel Board. Notwithstanding KRS 45.229, any Restricted Funds generated by this assessment not spent in fiscal year 2006-2007 shall not lapse but shall be carried forward to the next fiscal year and utilized for the routine operations of the Personnel Board.

(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 operation 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 any special assessment be approved, it shall be uniformly implemented in accordance with the same procedures as the regular Personnel Board Operating Assessment.

25. KENTUCKY RETIREMENT SYSTEMS

	2005-06	**2006-07**	**2007-08**
Restricted Funds	1,235,000	22,580,700	24,253,100

(1) Dependent Subsidy for Retirees - Kentucky Employee Retirement System: From July 1, 2006, through December 31, 2007, 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 nonhazaradous monthly retirement allowance shall not be considered as a benefit protected by the inviolable contract provisions of KRS 61.692, 16.652 and 78.852.

(2) Dependent Subsidy for Retirees - County Employees Retirement System: From July 1, 2006, through December 31, 2007, 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 nonhazaradous monthly retirement allowance shall not be considered as a benefit protected by the inviolable contract provisions of KRS 61.692, 16.652 and 78.852.

26. OCCUPATIONAL AND PROFESSIONAL BOARDS AND COMMISSIONS

a. Accountancy

	2006-07	**2007-08**
Restricted Funds	617,600	619,200

b. Certification of Alcohol and Drug Counselors

	2006-07	**2007-08**
Restricted Funds	67,200	67,200

c. Architects

	2006-07	**2007-08**
Restricted Funds	356,600	362,800

d. Certification for Professional Art Therapists

	2006-07	**2007-08**
Restricted Funds	11,400	11,400

e. Auctioneers

	2006-07	**2007-08**
Restricted Funds	405,500	412,700

f. Barbering

	2006-07	**2007-08**
Restricted Funds	247,400	249,400

g. Chiropractic Examiners

	2006-07	**2007-08**
Restricted Funds	203,900	211,100

h. Dentistry

	2006-07	**2007-08**

Restricted Funds	639,800	641,800

i. Licensure and Certification for Dietitians and Nutritionists

	2006-07	**2007-08**
Restricted Funds	77,500	77,500

j. Embalmers and Funeral Directors

	2006-07	**2007-08**
Restricted Funds	259,400	262,800

(1) Military Burial Honor Guard Program: Pursuant to KRS 36.390, the Department of Military Affairs shall coordinate with the Department of Veterans' Affairs and the Board of Embalmers and Funeral Directors on the implementation of the Military Burial Honor Guard Program. The Board of Embalmers and Funeral Directors shall mail program notification letters to all licensed embalmers and funeral directors with information related to program description and contacts for the Military Burial Honor Guard Program. These letters shall be mailed with the annual renewal notifications prior to July 1 each year. New applicants will receive their notification of the program at the time of licensing. The Board of Embalmers and Funeral Directors shall establish a section on the Board's Web site pertaining to the Military Burial Honor Guard Program. The Department of Military Affairs and the Department of Veterans' Affairs shall report to the Interim Joint Committee on Seniors, Veterans, Military Affairs, and Public Protection prior to January 1, 2007, on the implementation of the Military Burial Honor Guard Program. The report shall include recommendations on organizational related matters, training and continuing education needs, equipment requirements for organizations performing or coordinating the honors ceremonies, and the expenditure of funds.

k. Licensure for Professional Engineers and Land Surveyors

	2006-07	**2007-08**
Restricted Funds	1,398,400	1,411,400

l. Certification of Fee-Based Pastoral Counselors

	2006-07	2007-08
Restricted Funds	3,500	3,500

m. Registration for Professional Geologists

	2006-07	2007-08
Restricted Funds	135,000	135,000

n. Hairdressers and Cosmetologists

	2006-07	2007-08
Restricted Funds	1,043,000	1,074,100

o. Specialists in Hearing Instruments

	2006-07	2007-08
Restricted Funds	55,200	55,200

p. Interpreters for the Deaf and Hard of Hearing

	2006-07	2007-08
Restricted Funds	31,000	31,000

q. Examiners and Registration of Landscape Architects

	2006-07	2007-08
Restricted Funds	53,000	53,200

r. Licensure of Marriage and Family Therapists

	2006-07	2007-08
Restricted Funds	83,200	83,200

s. Licensure for Massage Therapy

	2006-07	2007-08
Restricted Funds	62,800	62,800

t. Medical Licensure

	2006-07	2007-08
Restricted Funds	2,408,200	2,427,400

u. Nursing

	2006-07	2007-08
Restricted Funds	4,656,900	4,760,600

v. Licensure for Nursing Home Administrators

	2006-07	2007-08
Restricted Funds	76,200	76,200

w. Licensure for Occupational Therapy

	2006-07	2007-08
Restricted Funds	86,000	86,000

x. Ophthalmic Dispensers

	2006-07	2007-08
Restricted Funds	62,900	62,900

y. Optometric Examiners

	2006-07	2007-08
Restricted Funds	167,200	166,400

z. Pharmacy

	2006-07	2007-08
Restricted Funds	1,037,200	1,045,000

aa. Physical Therapy

	2006-07	2007-08
Restricted Funds	264,700	264,700

ab. Podiatry

	2006-07	2007-08
Restricted Funds	21,700	21,700

ac. Private Investigators

	2006-07	2007-08
Restricted Funds	64,200	64,200

ad. Licensed Professional Counselors

	2006-07	2007-08
Restricted Funds	56,200	56,200

ae. Proprietary Education

	2006-07	2007-08
Restricted Funds	164,300	164,300

af. Examiners of Psychology

	2006-07	2007-08
Restricted Funds	176,100	176,100

ag. Real Estate Appraisers

	2006-07	2007-08
Restricted Funds	602,700	604,200

ah. Real Estate Commission

	2006-07	2007-08
Restricted Funds	2,744,300	2,666,600

ai. Respiratory Care

	2006-07	2007-08
Restricted Funds	127,100	127,100

aj. Social Work

	2006-07	2007-08
Restricted Funds	145,300	145,300

ak. Speech-Language Pathology and Audiology

	2006-07	2007-08
Restricted Funds	92,000	92,000

al. Veterinary Examiners

	2006-07	2007-08
Restricted Funds	237,800	237,800

TOTAL - OCCUPATIONAL AND PROFESSIONAL BOARDS AND COMMISSIONS

	2006-07	2007-08
Restricted Funds	18,942,400	19,070,000

27. EMERGENCY MEDICAL SERVICES

	2005-06	2006-07	2007-08
General Fund	-0-	2,393,700	2,373,800
Restricted Funds	40,000	401,300	422,700
Federal Funds	-0-	155,000	155,000
TOTAL	40,000	2,950,000	2,951,500

28. KENTUCKY RIVER AUTHORITY

	2006-07	2007-08
General Fund	368,200	1,978,800
Restricted Funds	5,436,600	4,414,800
TOTAL	5,804,800	6,393,600

(1) Water Withdrawal Fees: The water withdrawal fees imposed by the Kentucky River Authority shall not be subject to state and local taxes. Notwithstanding that portion of the provision of KRS 151.710(10) that directs the Finance and Administration Cabinet to provide administrative services for the Kentucky River Authority, 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.

(2) Debt Service - Kentucky River Locks and Dams Maintenance and Renovations Pool: Included in the above~~[General Fund appropriation is $1,630,000 in fiscal year 2007-2008 for debt service on $17,500,000 in Bond Funds, and in the]~~ *(Veto #4)* Restricted Funds appropriation $3,092,000 in fiscal year 2007-2008 for debt service on $33,200,000 in Agency Bond Funds for the Kentucky River Locks and Dams Maintenance and Renovations Pool, as set forth in Part II, Capital Projects Budget, of this

Act. The Agency Bonds may be issued by the State Property and Buildings Commission or the Kentucky Asset Liability Commission.

29. SCHOOL FACILITIES CONSTRUCTION COMMISSION

	2006-07	**2007-08**
General Fund	107,589,000	117,974,500

(1) Debt Service: Included in the above General Fund appropriation is $1,688,000 in fiscal year 2006-2007 and $8,439,000 in fiscal year 2007-2008 for debt service on $150,000,000 in bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) Growth Nickel Levy: The Facilities Support Program of Kentucky is fully funded in the 2006-2008 fiscal biennium. Notwithstanding KRS 157.621(3), local school districts may exercise authority expressed in KRS 157.621(1) and (2).

(3) School Facility Revenue: A local board of education may commit an equivalent tax rate not to exceed five cents in addition to the taxes levied in KRS 157.440(1)(b). Receipts from the levy shall be committed to debt service, new facilities, or major renovations of existing school facilities. The tax rate levied by the local board of education under this provision shall be made no later than October 1 of each odd-numbered year and shall not be equalized with state funding. The levy shall be subject to recall.

(4) Urgent Need School Trust Fund: 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.

The Secretary of the Finance and Administration Cabinet, the Commissioner of Education, and the Executive Director of the School Facilities Construction Commission shall jointly establish an Urgent Need School Trust Fund Advisory Committee to develop guidelines for the distribution of funds and to advise the School Facilities Construction Commission on the distribution of funds from this trust fund. Funds may be distributed to local school districts to address anomalies in the existing school construction funding formulas as direct grants, loans, matching funds, additional offers of assistance to address districts' unmet needs, or as equalization funds in situations where school districts have levied additional taxes for school construction purposes. The guidelines developed for distribution of funds from this trust fund shall be developed and presented to the Interim Joint Committee on Appropriations and Revenue and the Interim Joint Committee on Education no later than September 31, 2006. Area Vocational Centers shall be eligible to participate in the Urgent Need School Trust Fund. Included in the above appropriation is $5,000,000 in fiscal year 2007-2008 for the Urgent Need School Trust Fund that may be distributed after July 1, 2007. In addition, funds authorized in subsections (1) and (6) of this section may be distributed to local school districts based on the guidelines developed by the Urgent Need School Trust Fund Advisory Committee after July 1, 2007.

(5) Offers of Assistance: Notwithstanding KRS 157.622, a local school district may accumulate credit, subject to the availability of funds, for its unused state allocation for a period not to exceed eight years.

(6) 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 2006-2008 biennium in anticipation of debt service availability during the 2008-2010 biennium. No bonded indebtedness based on the above amount is to be incurred during the 2006-2008 biennium.

[~~**(7) Debt Service:** Notwithstanding KRS 45.229, moneys appropriated for debt service shall not lapse but shall be credited to the Urgent Need School Trust Fund.~~] *(Veto #6)*

(8) Administrative Costs: The School Facilities Construction Commission may utilize up to $300,000 in each fiscal year of the 2006-2008 biennium for administrative purposes.

(9) School Facilities Evaluation: The Kentucky Department of Education, in partnership with the School Facilities Construction Commission, shall conduct a comprehensive evaluation of the current facilities planning process, the process for categorizing schools for planning and funding purposes, major plant maintenance planning and implementation, the process used to determine unmet school facility needs, and the degree of equity in the distribution of state capital funds. The department shall involve local superintendents, finance officers, facility managers and other local school personnel, consultants who are knowledgeable in school facilities planning and construction, and others as deemed appropriate.

The evaluation shall consider:

(a) The feasibility of adding weights for special needs or situations, including but not limited to student growth, inadequate classroom space, student accommodations, health and safety needs, compliance with the Americans with Disabilities Act, school district size, and overall building condition as certified by the Department of Education, in the calculation of unmet needs;

(b) The adequacy of long-range planning for plant maintenance, procedures for improving long-range planning, and the appropriate level of monitoring by local and state officials;

(c) Measurable, objective criteria for categorizing schools for local planning purposes and for the distribution of state capital funds;

(d) A waiver system to accommodate special facility needs;

(e) The level of technical assistance and training that is necessary to ensure that local school district personnel are knowledgeable of the facility planning process, capital construction funding mechanisms, and long-range planning and examine the most effective methods for proving technical assistance and training; and

(f) A detailed review of all capital funding sources, and a study of local effort, to include an examination of the individual and cumulative effect of multiple funding sources on the equitable distribution of state capital construction funds and the effects of permitting individual school districts to levy additional taxes for construction purposes based on special or unique circumstances in that school district.

Notwithstanding KRS 157.622, the School Facilities Construction Commission , in cooperation with the Urgent Need School Trust Fund Advisory Committee, shall incorporate the findings and recommendations of this evaluation in determining the 2006 Offers of Assistance to local school districts. The School Facilities Construction Commission is authorized to make the 2006 Offers of Assistance prior to completion of this evaluation if sufficient data and other information is available.

A preliminary report shall be made to the Interim Joint Committee on Appropriations and Revenue no later than September 15, 2006, and a final report, including recommendations for regulatory or statutory change, shall be made no later than September 30, 2006.

(10) Use of Local District Capital Outlay Funds: Notwithstanding KRS 157.420(4) and (6), a local district may submit a request to the Commissioner of Education to use capital outlay funds for maintenance expenditures or for the purchase of property insurance in fiscal year 2006-2007 and fiscal year 2007-2008 without forfeiture of the district's participation in the School Facilities Construction Commission Program.

30. TEACHERS' RETIREMENT SYSTEM

	2006-07	**2007-08**
General Fund	157,326,100	183,323,100

Restricted Funds	9,409,300	10,361,500
TOTAL	166,735,400	193,684,600

(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. No General Fund moneys are provided in fiscal year 2006-2007 or fiscal year 2007-2008 for the cost of administration.

(3) Amortization of Sick Leave: Included in the above General Fund appropriation is $4,293,800 in fiscal year 2006-2007 and $9,211,000 in fiscal year 2007-2008 to provide the cost of amortizing the requirements of KRS 161.155 (sick leave) for members retiring during the 2006-2008 fiscal biennium.

(4) Cost-of-Living Increase for Retirees: Included in the above General Fund appropriation is $4,312,800 in fiscal year 2006-2007 and $7,865,100 in fiscal year 2007-2008 to provide, when combined with the annual one and one-half percent retirement allowance increase as provided for under KRS 161.620, a total increase in retirement allowances of eligible system members and beneficiaries of two and three-tenths percent in fiscal year 2006-2007 and an additional two and one-tenths in fiscal year 2007-2008.

(5) Supplemental Health Insurance Funding: Notwithstanding KRS 161.675(4)(a) 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, 2006, through December 31, 2007, 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.

(6) State Medical Insurance Fund Stabilization Contribution: 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 $14,133,200 in fiscal year 2007-2008 to amortize the cost of the State Medical Insurance Fund Stabilization Contribution with the remainder to be amortized under the schedule set forth in KRS 161.553.

(7) Dependent Subsidy for Retirees under age 65: Notwithstanding KRS 161.675(4)(a), from July 1, 2006, through December 31, 2007, 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.

(8) Ad Hoc State Contribution: Included in the above General Fund appropriation is $12,974,100 in fiscal year 2006-2007 and $29,444,100 in fiscal year 2007-2008 for an ad hoc contribution to the State Accumulation Fund.

(9) 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.

31. JUDGMENTS

	2005-06	**2006-07**	**2007-08**
General Fund	-0-	-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. Notwithstanding KRS 45.229, any remaining appropriation in the Judgments account at the end of fiscal year 2005-2006 or fiscal year 2006-2007 shall not lapse but shall be carried forward.

32. APPROPRIATIONS NOT OTHERWISE CLASSIFIED

	2006-07	**2007-08**
General Fund	3,917,500	3,917,500

(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, 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 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 Officers and Firefighters 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 and Firefighter Survivor Benefits: Funds are appropriated for payment of benefits for state and local police officers and firefighters in accordance with KRS 61.315 and 95A.070.

TOTAL - GENERAL GOVERNMENT

	2005-06	2006-07	2007-08
General Fund (Tobacco)	-0-	17,469,800	20,065,100
General Fund	101,000	550,266,300	618,517,500
Restricted Funds	1,275,000	131,392,600	132,843,000
Federal Funds	126,100	225,524,800	221,595,900
Road Fund	-0-	600,000	600,000
TOTAL	1,502,100	925,253,500	993,621,500

B. COMMERCE CABINET

Budget Units

1. SECRETARY

	2006-07	2007-08
General Fund	3,089,100	3,114,000
Restricted Funds	1,046,200	1,062,900
TOTAL	4,135,300	4,176,900

(1) Outdoor Drama Grants: Included in the above General Fund appropriation is $371,000 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, $26,000 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.

2. ARTISANS CENTER

	2005-06	**2006-07**	**2007-08**
General Fund	-0-	156,200	156,200
Restricted Funds	125,800	2,169,000	2,193,400
TOTAL	125,800	2,325,200	2,349,600

3. ENERGY POLICY

	2005-06	**2006-07**	**2007-08**
General Fund	-0-	2,341,500	2,341,500
Restricted Funds	89,600	5,400,000	5,400,000
Federal Funds	-0-	2,382,800	2,382,800
TOTAL	89,600	10,124,300	10,124,300

(1) Energy Research and Development: Included in the above Restricted Funds appropriation is $3,500,000 in fiscal year 2006-2007 and $3,500,000 in fiscal year 2007-2008 which shall be used for research projects relating to clean coal, new combustion technology, thin-seam coal extraction research, 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 shall be targeted solely to Kentucky's Local Government Economic Development Fund-eligible counties. The Office of Energy Policy 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.

4. TOURISM

	2006-07	**2007-08**
General Fund	7,130,500	7,176,500
Restricted Funds	8,700,000	9,200,000
TOTAL	15,830,500	16,376,500

(1) Tourism Marketing and Development: Included in the above Restricted Funds appropriation is $1,000,000 in fiscal year 2006-2007 and $1,000,000 in fiscal year 2007-2008 for Tourism Marketing and Development on behalf of the coal-producing counties. Fees for professional artists and entertainers performing on the Kentucky Music Trail may be paid from the Tourism Marketing Program.

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

5. PARKS

	2006-07	**2007-08**
General Fund	27,978,400	31,145,400
Restricted Funds	55,217,700	56,335,600
TOTAL	83,196,100	87,481,000

(1) Park Capital Maintenance and Renovation Fund: Notwithstanding KRS 148.810, the General Assembly authorizes the use of the Park Capital Maintenance and Renovation Fund for any ongoing cost of the Department of Parks.

[~~**(2) Debt Service:** Included in the above General Fund appropriation is $3,167,000 in fiscal year 2007-2008 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.~~] *(Veto #4)*

(3) Nicholas Hildreth School: Included in the above Restricted Funds appropriation is $60,000 in fiscal year 2006-2007 to move the Nicholas Hildreth School to Blue Licks Battlefield State Park.

[~~**(4) Buckhorn Lake State Park:** Included in the above Restricted Funds appropriation is $125,000 in fiscal year 2006-2007 to construct boat slips at Buckhorn Lake State Park.~~] *(Veto #7)*

6. HORSE PARK COMMISSION

	2006-07	**2007-08**
General Fund	1,708,200	5,034,200
Restricted Funds	6,239,300	6,246,500
TOTAL	7,947,500	11,280,700

(1) Debt Service: Included in the above General Fund appropriation is $3,399,000 in fiscal year 2007-2008 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

7. STATE FAIR BOARD

	2006-07	**2007-08**
General Fund	396,800	553,800
Restricted Funds	37,058,600	37,821,900
TOTAL	37,455,400	38,375,700

(1) Debt Service: Included in the above Restricted Funds appropriation is $4,322,100 in fiscal year 2006-2007 and $4,424,400 in fiscal year 2007-2008 for previously issued bonds.

[~~**(2) Debt Service:** Included in the above General Fund appropriation is $157,000 in fiscal year 2007-2008 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.~~] *(Veto #4)*

8. FISH AND WILDLIFE RESOURCES

	2006-07	**2007-08**
Restricted Funds	28,778,500	29,810,000
Federal Funds	10,063,900	10,098,100
TOTAL	38,842,400	39,908,100

9. HISTORICAL SOCIETY

	2005-06	**2006-07**	**2007-08**
General Fund	125,000	8,762,800	8,045,500
Restricted Funds	-0-	760,900	819,600
Federal Funds	-0-	1,004,200	516,800
TOTAL	125,000	10,527,900	9,381,900

(1) City of Hodgenville: Included in the above General Fund appropriation is $750,000 in fiscal year 2006-2007 to provide a grant for the City of Hodgenville to match Federal Funds.

(2) Abraham Lincoln Bicentennial Commission: Included in the above General Fund appropriation is $2,000,000 in each year of the biennium for the Abraham Lincoln Bicentennial Commission.

(3) Perryville Battlefield: Included in the above General Fund appropriation is $75,000 in fiscal year 2005-2006 for the 2006 reenactment of the battle at Perryville.

(4) Lincoln Wedding Reenactment: Included in the above General Fund appropriation is $50,000 in fiscal year 2005-2006 for the Abraham Lincoln Bicentennial Commission to support the Lincoln Wedding Reenactment.

(5) Debt Service: Included in the above General Fund appropriation is $32,000 in fiscal year 2007-2008 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

10. ARTS COUNCIL

	2006-07	**2007-08**
General Fund	4,203,200	4,182,500
Restricted Funds	441,900	452,700
Federal Funds	744,900	740,000
TOTAL	5,390,000	5,375,200

(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.

11. HERITAGE COUNCIL

	2006-07	**2007-08**
General Fund	940,000	900,000
Restricted Funds	469,300	487,100
Federal Funds	669,000	669,000
TOTAL	2,078,300	2,056,100

(1) African-American Heritage Council: Included in the above General Fund appropriation is $40,000 in fiscal year 2006-2007 for the African-American Heritage Council.

12. KENTUCKY CENTER FOR THE ARTS

	2006-07	2007-08
General Fund	1,114,400	1,264,400

(1) Governor's School for the Arts: Included in the above General Fund appropriation is $150,000 in fiscal year 2007-2008 for stabilization of the Governor's School for the Arts.

TOTAL - COMMERCE CABINET

	2005-06	2006-07	2007-08
General Fund	125,000	57,821,100	63,914,000
Restricted Funds	215,400	146,281,400	149,829,700
Federal Funds	-0-	14,864,800	14,406,700
TOTAL	340,400	218,967,300	228,150,400

C. ECONOMIC DEVELOPMENT CABINET

Budget Units

1. SECRETARY

	2006-07	2007-08
General Fund	16,619,000	21,550,200
Restricted Funds	1,340,000	1,340,000
TOTAL	17,959,000	22,890,200

(1) New Economy High-Tech Construction and High-Tech Investment Pools: Included in the above General Fund appropriation is $1,026,000 in fiscal year 2007-2008 for new debt service as set forth in Part II, Capital Projects Budget, of this Act. The Commissioner of the Department for Commercialization and Innovation shall determine

the amounts to be apportioned between the High-Tech Investment and High-Tech Construction Pools**.**

(2) Funding for Commercialization and Innovation: Notwithstanding Subchapter 20 of KRS Chapter 154, interest income earned on balances in the High-Tech Construction Pool and the High-Tech Investment Pool shall be used to support the Department for Commercialization and Innovation within the Cabinet for Economic Development. Upon the recommendation of the Commissioner, these funds are authorized and appropriated to fund High-Tech Construction Pool and High-Tech Investment Pool projects. Loan repayments received by the High-Tech Construction and High-Tech Investment Pools are appropriated in addition to amounts specified in Part II, Capital Projects Budget, of this Act.

(3) Louisville Waterfront Development Corporation: Included in the above General Fund appropriation is $420,800 in fiscal year 2006-2007 and $420,800 in fiscal year 2007-2008 for the Louisville Waterfront Development Corporation.

2. NEW BUSINESS DEVELOPMENT

	2006-07	**2007-08**
General Fund	1,365,200	1,377,500
Restricted Funds	747,000	747,000
TOTAL	2,112,200	2,124,500

3. FINANCIAL INCENTIVES

	2006-07	**2007-08**
General Fund	3,200,000	4,015,000
Restricted Funds	1,789,600	1,810,600
TOTAL	4,989,600	5,825,600

(1) Debt Service: Included in the above General Fund appropriation is $815,000 in fiscal year 2007-2008 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 2006-2007 and for fiscal year 2007-2008 for the Bluegrass State Skills Corporation shall not lapse and shall carry forward. The Corporation is authorized to extend an additional $1,500,000 in training grant offers during the 2006-2008 biennium. If such offers are made and disbursements are required to support those offers, funds shall be appropriated from the General Fund Surplus Account (KRS 48.700) in an amount not to exceed $1,500,000.

4. EXISTING BUSINESS DEVELOPMENT

	2006-07	2007-08
General Fund	3,457,500	3,503,400
Restricted Funds	210,000	210,000
Federal Funds	155,400	155,400
TOTAL	3,822,900	3,868,800

(1) Small and Minority Business Entrepreneurship: The Kentucky Economic Development Finance Authority shall make available $300,000 in fiscal year 2007-2008 for micro-business loans in the Small and Minority Business entrepreneurship program in the Department of Existing Business Development.

TOTAL - ECONOMIC DEVELOPMENT CABINET

	2006-07	2007-08
General Fund	24,641,700	30,446,100
Restricted Funds	4,086,600	4,107,600
Federal Funds	155,400	155,400
TOTAL	28,883,700	34,709,100

D. DEPARTMENT OF EDUCATION

Budget Units

1. EXECUTIVE POLICY AND MANAGEMENT

	2006-07	**2007-08**
General Fund	672,000	679,800

(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.

2. OPERATIONS AND SUPPORT SERVICES

	2006-07	**2007-08**
General Fund	36,925,500	56,074,400
Restricted Funds	7,210,100	7,210,100
Federal Funds	8,527,800	8,527,800
TOTAL	52,663,400	71,812,300

(1) Teachers' Retirement System Employer Match: Included in the above General Fund appropriation is $2,705,600 in fiscal year 2006-2007 and $2,840,900 in fiscal year 2007-2008 to enable the Department of Education to provide the employer match for the teacher retirement contribution for qualified employees as provided by KRS 161.550.

[~~**(2) Debt Service:** Included in the above General Fund appropriation is $8,898,000 in fiscal year 2007-2008 to provide for debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act. Included in the $8,898,000 is $620,000 in fiscal year 2007-2008 to provide debt service for new bonds for a high-speed education telecommunications network that supports a set of seamless P-16 management, instructional, and research applications. The network shall consist of 100 MBPS to at~~

~~least 40 percent of Kentucky's local school districts and at least ten MBPS to the remaining local school districts. Included in the $8,898,000 is $696,000 in fiscal year 2007-2008 to provide debt service for a functionally robust and modern system to ensure the efficient collection and management of student information, including a unique student identifier, at the school, district, and state levels. Included in the $8,898,000 is $1,044,000 in fiscal year 2007-2008 to provide debt service for a Web-based, on-line testing program that provides a quicker return of test results, student accountability, and assessment integration into teaching and learning situations on a real-time basis. Included in the $8,898,000 is $229,000 in fiscal year 2007-2008 to provide debt service for a knowledge management portal that will provide K-12 public educators with intuitive access to indexed, aligned, and well-organized Web-based instructional resources such as units of study that connect curriculum, instruction, and assessment with other data generated by schools and the Kentucky Department of Education. Included in the $8,898,000 is $6,069,000 in fiscal year 2007-2008 to provide debt service for the purchase of modern workstations, stationary or mobile, for public K-12 schools to support advanced instructional activities, including on-line learning and Internet 2 instructional activities. The Kentucky Board of Education shall approve a plan for distribution of the workstations. Included in the $8,898,000 is $144,000 in fiscal year 2007-2008 to provide debt service for the Rockcastle County Vocational and Technical Center. Included in the $8,898,000 is $96,000 in fiscal year 2007-2008 to provide debt service for the Letcher County Central Vocational Center.]~~ *(Veto #4)*

(3) School Technology in Coal Counties: Included in the above Restricted Funds appropriation is $5,000,000 in each fiscal year from the Local Government Economic Development Multi-County Fund for the purpose of enhancing education technology in local school districts within coal-producing counties. The Commissioner of the Department of Education is authorized to use up to $1,000,000 of the above $5,000,000 appropriation in each fiscal year to make offers of assistance to qualifying

local school districts in coal-producing counties to fund technology projects; to be eligible for these offers of assistance, local school districts may be required to provide a match of not more than two to one from any of their other funding courses. The Commissioner of the Department of Education shall use $2,500,000 of the above $5,000,000 appropriation to continue the Coal County Computing program~~[under the direction of the Kentucky Economic Development Finance Authority]~~. *(Veto #8)* The Commissioner of the Department of Education shall distribute the remainder of the above $5,000,000 appropriation to coal-producing counties in a manner consistent with distributions to local school districts from the Kentucky Education Technology System; these funds shall be in addition to any regular distribution to coal-producing counties from the Kentucky Education Technology System.

(4) Education Technology Program: Included in the above General Fund appropriation is $19,500,000 in each fiscal year for the Education Technology Program.

3. LEARNING AND RESULTS SERVICES

	2006-07	**2007-08**
General Fund (Tobacco)	1,388,400	1,508,400
General Fund	791,940,900	839,939,300
Restricted Funds	2,621,200	2,621,200
Federal Funds	679,119,100	678,843,600
TOTAL	1,475,069,600	1,522,912,500

(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 Secretary of the Finance and Administration Cabinet 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 School for the Blind and Kentucky School for the Deaf: Included in the above General Fund appropriation is $6,441,400 in fiscal year 2006-2007 and $6,657,100 in fiscal year 2007-2008 for the Kentucky School for the Blind, and $9,003,200 in fiscal year 2006-2007 and $9,304,200 in fiscal year 2007-2008 for the Kentucky School for the Deaf.

(3) Kentucky Education Technology System: (a) Area Vocational Education Centers shall be fully eligible to participate in the Kentucky Education Technology System. Notwithstanding KRS 157.660, 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.

(b) 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.

(4) Family Resource and Youth Services Centers: Funds appropriated to establish and support Family Resource and Youth Services Centers shall be transferred in fiscal year 2006-2007 and in fiscal year 2007-2008 to the Cabinet for Health and Family Services consistent with the intent of 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 or 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 provision to the Legislative Research Commission.

(5) Health Insurance: Included in the above General Fund appropriation is $465,808,000 in fiscal year 2006-2007 for employer contributions for health insurance and the contribution to the flexible spending account for employees waiving coverage. Included in the above General Fund appropriation is $503,855,000 in fiscal year 2007-2008 for employer contributions for health insurance and the contribution to the flexible spending account for employees waiving coverage.

(6) Learning and Results Services Programs: Notwithstanding KRS 156.265, included in the above General Fund appropriation are the following allocations for the 2006-2008 fiscal biennium:

(a) $31,859,500 in each fiscal year for the Extended School Services Program;

(b) $51,850,700 in each fiscal year for the Family Resource and Youth Services Centers Program;

(c) $75,127,000 in each fiscal year for the Preschool Program;

(d) $15,034,700 in each fiscal year for the Professional Development Program;

(e) $10,378,300 in each fiscal year for the Safe Schools Program;

(f) $1,400,000 in fiscal year 2007-2008 for ACT and WorkKeys testing;

(g) $21,700,100 in each fiscal year for the Textbooks Program;

(h) $1,200,000 in fiscal year 2006-2007 and $1,400,000 in fiscal year 2007-2008 for the Collaborative Center for Literacy Development;

(i) $8,369,200 in each fiscal year for the Commonwealth Accountability Testing System (CATS);

(j) $616,500 in each fiscal year for the Blind/Deaf Residential Travel Program;

(k) $2,100,000 in each fiscal year for the Community Education Program;

(l) $720,900 in each fiscal year for the Dropout Prevention Program;

(m) $20,558,100 in fiscal year 2006-2007 and $23,558,100 in fiscal year 2007-2008 for the Early Reading Incentive Grant/Read to Achieve Program;

(n) $7,121,500 in each fiscal year for the Gifted and Talented Program;

(o) $4,276,700 in each fiscal year for the School Food Services match;

(p) $10,962,100 in each fiscal year for the State Agency Children Program;

(q) $1,600,000 in each fiscal year for the Teacher Academies Program;

(r) $1,886,700 in each fiscal year for the Teacher Recruitment and Retention Program;

(s) $800,000 in each fiscal year for the Virtual Learning Program;

(t) $10,945,400 in fiscal year 2006-2007 and $11,175,400 in fiscal year 2007-2008 for the Locally Operated Vocational Schools;

(u) $610,300 in each fiscal year for the Writing Program;

(v) $500,000 in each fiscal year for the Every1 Reads Program;

(w) $2,257,000 in fiscal year 2006-2007 and $2,378,700 in fiscal year 2007-2008 for Local School District Life Insurance;

(x) $484,400 in each fiscal year for the Elementary Arts and Humanities Program;

(y) $3,000,000 in fiscal year 2006-2007 and $6,900,000 in fiscal year 2007-2008 for the Mathematics Achievement Fund;

(z) $387,500 in each fiscal year for the Middle School Academic Center;

(aa) $381,500 in each fiscal year for the Leadership and Mentor Fund;

(ab) $3,925,300 in each fiscal year for the Professional Growth Fund;

(ac) $500,000 in each fiscal year for the Save the Children/Rural Literacy Program;

(ad) The allocations referenced in subsection (5) of this budget unit for Local School District Health Insurance;

(ae) $100,000 in each fiscal year for a specialized tutoring program for students with learning disabilities from Appalachian counties, as identified by the Appalachian Regional Commission. This program shall be located at a public institution of high education selected by the Commissioner of Education;

(af) $430,000 in fiscal year 2007-2008 for the Partnership for Student Success Program;

(ag) $5,624,000 in fiscal year 2006-2007 and $5,649,800 in fiscal year 2007-2008 for the Highly Skilled Educator Program; and

(ah) $1,504,100 in fiscal year 2006-2007 and $1,507,900 in fiscal year 2007-2008 for the Commonwealth School Improvement Fund.

(7) Program Flexibility: Notwithstanding KRS 157.226(2) and (3), 157.3175(3) and (4), and 160.345(8) with regard to the state allocation, five programs (Professional Development, Extended School Services, Preschool, 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.

(8) Local District Grant Fund Carry Forward: Notwithstanding KRS 45.229, up to ten percent of any non-SEEK state grant fund, other than any state grant fund for the Read to Achieve Program, appropriated to the Department of Education and disbursed to a local district that is unexpended during fiscal year 2006-2007 may be carried forward to fiscal year 2007-2008. Notwithstanding KRS 45.229, any state grant fund for the Read to Achieve Program in fiscal year 2006-2007 may be carried forward to fiscal year 2007-2008.

(9) Publishing Requirements: Notwithstanding KRS 158.6453(7), 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.

(10) 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.

(11) 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.

(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) 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, 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 section, the Commissioner of the Department 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 section. The Commissioner of the Department of Education shall resolve any disputes and make a determination of the district's compliance with the full utilization requirement.

(14) Partnership for Student Success: Included in the above General Fund appropriation is $430,000 in fiscal year 2007-2008 for the Partnership for Student Success Program. These funds shall be expended to develop pilot programs to demonstrate effective strategies to increase community and parental involvement in K-12 education by providing additional tools for educators to improve instruction and promote student health and wellness.

(15) Funds Transfer: The Commissioner of the Department of Education may transfer any available funds between the Professional Growth Fund and the Professional Development Leadership Mentor Fund as needed to satisfy the demand and need to support respective teacher programs.

(16) School Calendar Evaluation: The Kentucky Department of Education is directed to conduct an evaluation of school calendars. The primary purpose of this evaluation is to determine the impact of alternative school calendars, including the use of extended time beyond the six-hour instructional day, shortened days or weeks, and year-round calendars. The evaluation shall investigate the positive and negative effects on students, including academic achievement, extracurricular activities, parental support, and community acceptance. The evaluation shall review the impact on school district operations and finances related to transportation, utilities, staffing, facilities, food service, and other costs associated with operating efficiencies. A preliminary report shall be made to the Interim Joint Committee on Education by November 15, 2006, and a final report,

including recommendations for regulatory or statutory changes, shall be made to the Interim Joint Committee on Education by January 15, 2007.

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

(18) 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 on intervention services that may be required by the Federal No Child Left Behind Act of 2001 (Pub. L. 107-110).

(19) 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.

(20) Community Education: Included in the above General Fund appropriation is $300,000 in each fiscal year to support the establishment of 15 additional community education programs.

4. SUPPORT EDUCATION EXCELLENCE IN KENTUCKY (SEEK) PROGRAM

	2006-07	**2007-08**
General Fund	2,680,910,200	2,930,340,800

(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: The above appropriation includes $2,089,483,300 in fiscal year 2006-2007 and $2,312,486,700 in fiscal year 2007-2008 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 $211,953,500 in fiscal year 2006-2007 and $214,752,800 in fiscal year 2007-2008 for pupil transportation.

(3) Tier I Component: Included in the above appropriation is $157,620,900 in fiscal year 2006-2007 and $161,638,900 in fiscal year 2007-2008 for the Tier I component as established by KRS 157.440.

(4) Vocational Transportation: Included in the above appropriation is $2,416,900 in fiscal year 2006-2007 and $2,416,900 in fiscal year 2007-2008 for vocational transportation.

(5) Secondary Vocational Education: Included in the above appropriation is $23,053,800 in fiscal year 2006-2007 and $23,561,000 in fiscal year 2007-2008 to provide secondary vocational education in state-operated vocational schools.

(6) Teachers' Retirement System Employer Match: Included in the above appropriation is $319,184,300 in fiscal year 2006-2007 and $346,100,400 in fiscal year 2007-2008 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 appropriation is $2,104,000 in fiscal year 2006-2007 and $2,504,000 in fiscal year 2007-2008 for the purpose of providing salary supplements for teachers attaining certification by the National Board for Professional Teaching Standards.

(8) Allocation of SEEK Funds: Notwithstanding KRS 157.360(2)(c), the above appropriation to the base SEEK Program is intended to provide a base guarantee of $3,508 per student in average daily attendance in fiscal year 2006-2007 and $3,822 per

student in average daily attendance in fiscal year 2007-2008 as well as to meet the other requirements of KRS 157.360.

Nothing in this Act shall be construed as prohibiting the contracting out of pupil transportation services.

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 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. If funds appropriated to the SEEK Program are insufficient to provide the amount of money required under KRS 157.310 to 157.440, allotments to local school districts may be reduced in accordance with KRS 157.430.

(9) Local School District Certified and Classified Employee Pay Policy: Notwithstanding KRS 157.420, during fiscal year 2006-2007, local school districts shall provide all certified staff a salary or compensation increase of not less than two percent and, during fiscal year 2007-2008, local school districts shall provide all certified staff a salary or compensation increase of not less than $3,000. The salary increases in fiscal year 2006-2007 and fiscal year 2007-2008 for certified staff shall be in addition to the normal rank and step increase attained by certified personnel employed by local school districts. During fiscal year 2006-2007, local school districts shall provide all classified staff a salary increase of two percent and, during fiscal year 2007-2008, local school

districts shall provide all classified staff a salary increase of five percent. In fiscal year 2007-2008, no classified staff member shall receive a salary increase in excess of $2,500. Classified staff employed by a local board of education that work less than full-time shall receive a pro rata share of the salary increase based on terms of their employment. The above increase in fiscal year 2006-2007 and fiscal year 2007-2008 for classified staff shall be in addition to a normal step increase or any increase that might result from assuming new duties or obtaining additional qualifications.

(10) Final SEEK Calculation: Notwithstanding KRS 157.410, on or before March 1 of each year, the chief state school officer 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.

(11) 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.

(12) Facilities Support Program of Kentucky/Equalized Nickel Levies: Included in the above appropriation is $67,749,200 in fiscal year 2006-2007 and $63,970,700 in fiscal year 2007-2008 to provide facilities equalization funding pursuant to KRS 157.440 and 157.620. Included in the above appropriation is $12,177,600 in fiscal year 2006-2007 and $11,134,200 in fiscal year 2007-2008 to provide facilities equalization funding pursuant to KRS 157.440, 157.620, and 157.621(2) and (3) for local school districts which have: (a) Levied the additional tax pursuant to KRS 157.621 for debt service and new facilities as of January 1, 2006; (b) Levied the five cents under the provisions of KRS 157.440; (c) Met the growth requirements in KRS 157.621(2) in fiscal

year 2005-2006; and (d) Levied an additional nickel tax pursuant to KRS 157.621 in addition to (a) and (b) of this section by January 1, 2006.

(13) Retroactive Equalized Facility Funding: Included in the above appropriation is $2,302,500 in fiscal year 2006-2007 and $2,076,400 in fiscal year 2007-2008 to provide equalized facility funding to districts meeting the following eligibility requirements: A local board of education that levied a tax rate subject to recall in fiscal year during or prior to fiscal year 2003-2004 in addition to the five cents levied pursuant to KRS 157.440(1)(b) and that committed the receipts to debt service, new facilities, or major renovations of existing facilities shall be eligible for equalization funds from the state at 150 percent of the statewide average per pupil assessment. The equalization funds shall be used as provided in KRS 157.440(1)(b).

(14) Equalized Facility Funding: Included in the above General Fund appropriation is $4,617,700 in fiscal year 2006-2007 and $4,451,600 in fiscal year 2007-2008 to provide equalized facility funding to districts meeting the following eligibility requirements: (a) The board of education has levied at least a ten cent equivalent tax rate for building purposes or has debt service of at least a ten cent equivalent tax rate as of February 24, 2005; (b) The district has not received equalized growth facility funding as a result of 2005 Ky. Acts ch. 173, Part I, D. Department of Education, 4. Support Education Excellence in Kentucky (SEEK) Program; and (c) The district has received approval by the Commissioner of Education. Eligible districts shall receive equalization funds from the state at 150 percent of the statewide average per pupil assessment, and these funds shall be used as provided in KRS 157.440(1)(b).

(15) School Employee Flexible Spending Account Funds Transfer: Any funds remaining in flexible spending accounts of employees of local school districts for calendar year 2006 and calendar year 2007 shall be transferred to the credit of the General Fund.

(16) Instructional Days: Included in the above General Fund appropriation is $32,600,000 to extend the school term in fiscal year 2007-2008 by an additional two instructional days. Notwithstanding KRS 158.070, the school term for fiscal year 2007-2008 shall include the equivalent of 177 instructional days and shall include no less than two additional six-hour instructional days in addition to the six-hour instructional days included in the 2005-2006 school calendar as approved by the Department of Education. Districts shall not be required to exceed 177 six-hour instructional days.

(17) Facility Matching Grant: Included in the above General Fund appropriation is $200,000 in fiscal year 2006-2007 for a matching grant to the Hardin County Educational Foundation, Inc. for the completion of the John Hardin Performing Arts Center.

(18) Transportation Study: The Legislative Research Commission is hereby directed to study the current funding formula and the equitable disbursement of pupil transportation funds. The study of pupil transportation funding shall include:

(a) An analysis of the current formula used to determine the level of reimbursed funding for school districts, including its equity and adequacy, and recommendations for improvement; and

(b) A comparison of the efficiencies used by school districts in the operation of their transportation systems, including recommendations for efficiency requirements or incentives.

The Legislative Research Commission shall contract with nongovernmental consultants to conduct the study. The consultants shall have the full cooperation of the Executive Branch and the Legislative Branch.

The consultants shall present a final report of their findings to the Interim Joint Committee on Education and to the Interim Joint Committee on Appropriations and Revenue no later than July 1, 2007.

Provisions of this section to the contrary notwithstanding, the Legislative Research Commission shall have the authority to alternatively assign the issues identified herein to an interim joint committee or subcommittee thereof, and to designate a study completion date.

TOTAL - DEPARTMENT OF EDUCATION

	2006-07	2007-08
General Fund (Tobacco)	1,388,400	1,508,400
General Fund	3,510,448,600	3,827,034,300
Restricted Funds	9,831,300	9,831,300
Federal Funds	687,646,900	687,371,400
TOTAL	4,209,315,200	4,525,745,400

E. EDUCATION CABINET

Budget Units

1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

	2006-07	2007-08
General Fund	2,425,200	2,425,200
Restricted Funds	6,393,400	6,502,400
Federal Funds	190,000	190,000
TOTAL	9,008,600	9,117,600

(1) East Kentucky Science Center: Included in the above General Fund appropriation is $225,200 in fiscal year 2006-2007 and $225,200 in fiscal year 2007-2008 for a grant to the East Kentucky Science Center.

2. DEAF AND HARD OF HEARING

	2005-06	2006-07	2007-08
General Fund	-0-	920,400	933,000
Restricted Funds	5,000	590,000	590,000
TOTAL	5,000	1,510,400	1,523,000

(1) Specialized Telecommunications Equipment: Included in the above Restricted Funds appropriation is an additional $100,000 in fiscal year 2006-2007 and $100,000 in fiscal year 2007-2008 and General Fund moneys of $100,000 in fiscal year 2006-2007 and $100,000 in fiscal year 2007-2008 to be used for operating the Telecommunication Access Program.

3. KENTUCKY EDUCATIONAL TELEVISION

	2006-07	2007-08
General Fund	14,694,500	16,816,100
Restricted Funds	1,066,300	1,048,000
Federal Funds	700,000	700,000
TOTAL	16,460,800	18,564,100

(1) Debt Service: Included in the above General Fund appropriation is $1,907,000 in fiscal year 2007-2008 to provide debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act.

4. ENVIRONMENTAL EDUCATION COUNCIL

	2006-07	2007-08
Restricted Funds	192,800	194,400

5. LIBRARIES AND ARCHIVES

a. Libraries and Archives

	2006-07	2007-08
General Fund	7,273,600	7,382,900
Restricted Funds	1,444,400	1,460,900
Federal Funds	1,964,500	1,986,100
TOTAL	10,682,500	10,829,900

b. Direct Local Aid

	2006-07	2007-08
General Fund	7,031,400	7,306,400

Restricted Funds	9,000	9,000
Federal Funds	424,000	424,000
TOTAL	7,464,400	7,739,400

(1) Per Capita Grants: Included in the above General Fund appropriation is $4,000,000 in each fiscal year to award per capita grants in accordance with KRS 171.201. Notwithstanding KRS 171.201, the allotment of General Fund dollars distributed to each local library district shall not be less than received in fiscal year 2005-2006.

TOTAL - DEPARTMENT FOR LIBRARIES AND ARCHIVES

	2006-07	**2007-08**
General Fund	14,305,000	14,689,300
Restricted Funds	1,453,400	1,469,900
Federal Funds	2,388,500	2,410,100
TOTAL	18,146,900	18,569,300

6. OFFICE FOR THE BLIND

	2006-07	**2007-08**
General Fund	1,335,300	1,343,200
Restricted Funds	1,955,300	1,955,300
Federal Funds	9,349,400	9,477,200
TOTAL	12,640,000	12,775,700

7. EMPLOYMENT AND TRAINING

	2006-07	**2007-08**
Restricted Funds	3,000,000	3,000,000
Federal Funds	672,218,400	672,371,200
TOTAL	675,218,400	675,371,200

(1) Unemployment Insurance Penalty and Interest Account: Notwithstanding KRS 341.835, $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.

(2) Reed Act Distribution: In addition to supplementing the Unemployment Insurance Trust Fund, Federal Funds made available to Kentucky as a result of the Reed Act distribution under Section 903(d) of the Social Security Act, as amended, in the amount of $2,000,000 in fiscal year 2006-2007 and $2,000,000 in fiscal year 2007-2008, are appropriated to the Office of Employment and Training for the administration of the unemployment compensation law and the public employment offices for costs allowable under the Unemployment Insurance and Wagner-Peyser programs.

8. CAREER AND TECHNICAL EDUCATION

	2006-07	**2007-08**
General Fund	30,090,200	29,894,500
Restricted Funds	20,165,400	20,220,400
Federal Funds	15,188,500	15,188,500
TOTAL	65,444,100	65,303,400

(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 2006-2008 fiscal biennium.

(2) Area Technology Centers: Included in the above General Fund appropriation is $1,002,300 in fiscal year 2006-2007 and $584,500 in fiscal year 2007-2008 for program operations at Pulaski, Warren, and Butler County Area Technology Centers. Included in the above Restricted Funds appropriation is $600,000 in each fiscal year from the Department of Education for support of the ongoing operational costs for Pulaski, Warren, and Butler County Area Technology Centers and state-operated technical programs at Hancock and Kenton County schools. Notwithstanding KRS 45.229, unexpended General Fund appropriations to the Career and Technical Education Accessibility Fund for fiscal year 2005-2006, not to exceed $142,000, shall not lapse and shall carry forward to fiscal year 2006-2007 to be used for the purchase of welding, carpentry, and automotive equipment for new vocational programs at the Pulaski, Warren, and Butler County area technology centers. Included in the above General Fund appropriation is $85,000 in fiscal year 2006-2007 and $50,200 in fiscal year 2007-2008 for operating and equipment at the Mayfield-Graves County Area Technology Center.

(3) Transfer of State-Operated Secondary Vocational Education and Technology Centers: (a) Notwithstanding KRS 151B.035, 151B.040, 151B.045, 151B.050, 151B.055, 151B.070, or any other statute to the contrary, effective at the beginning of fiscal year 2006-2007, 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 this provision 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 KRS Chapter 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 section 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. Notwithstanding any other statute, 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 KRS Chapter 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 2006-2007. 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

	2006-07	**2007-08**
General Fund	13,089,700	13,134,400
Restricted Funds	2,673,500	2,675,600
Federal Funds	46,642,000	46,491,200
TOTAL	62,405,200	62,301,200

10. EDUCATION PROFESSIONAL STANDARDS BOARD

	2006-07	**2007-08**

General Fund	10,328,800	10,328,800
Restricted Funds	1,416,800	1,449,500
Federal Funds	4,379,200	4,379,200
TOTAL	16,124,800	16,157,500

(1) National Board of Teaching Standards Certification: Notwithstanding KRS 161.134, up to $800,000 in fiscal year 2006-2007 and $800,000 in fiscal year 2007-2008 is provided for National Board of Teaching Standards Certification from the General Fund.

(2) 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.

(3) Kentucky Teacher Internship Program: Notwithstanding KRS 45.229, any unexpended General Fund appropriation from fiscal year 2005-2006 and fiscal year 2006-2007 shall not lapse and shall carry forward to be used to support operations of the Kentucky Teacher Internship Program.

TOTAL - EDUCATION CABINET

	2005-06	**2006-07**	**2007-08**
General Fund	-0-	87,189,100	89,564,500
Restricted Funds	5,000	38,906,900	39,105,500
Federal Funds	-0-	751,056,000	751,207,400
TOTAL	5,000	877,152,000	879,877,400

F. ENVIRONMENTAL AND PUBLIC PROTECTION CABINET

Budget Units

1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

	2006-07	**2007-08**

General Fund	8,752,100	8,541,400
Restricted Funds	6,708,200	7,132,900
Federal Funds	1,531,900	1,612,700
TOTAL	16,992,200	17,287,000

(1) Salary Range Increase for Engineering and Mine Inspector Positions: Notwithstanding any other provision of law, the Secretary of the Environmental and Public Protection Cabinet may increase the salary range for authorized engineering and mine inspector positions within the Cabinet's air, waste, water, and mining programs as necessary to allow for employment and retention of staff sufficient to timely provide the permitting and compliance determinations under those programs. The salary range and caps may be exceeded only upon a finding by the Secretary that the increases are necessary and the presentation of the new salary range and the justification for that new range to the Interim Joint Committee on Appropriations and Revenue.

2. ENVIRONMENTAL PROTECTION

	2005-06	**2006-07**	**2007-08**
General Fund	21,000	25,611,800	26,118,000
Restricted Funds	-0-	40,294,200	35,159,600
Federal Funds	-0-	19,047,400	19,237,600
Road Fund	-0-	300,000	300,000
TOTAL	21,000	85,253,400	80,815,200

(1) Water Discharge Permitting Program: Notwithstanding KRS 224.20-730, $233,926 in Restricted Funds shall be transferred in fiscal year 2006-2007 from the Division of Air Quality to the Division of Water to be used for activities relating to the Clean Water Act, Water Quality Standards and Discharge Permitting.

(2) 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.

(3) Kentucky Pride Program: Included in the above Restricted Funds appropriation is $18,339,300 in fiscal year 2006-2007 and $13,705,400 in fiscal year 2007-2008 for the Kentucky Pride Program.

(4) Solid Waste Enforcement Activity: In accordance with KRS 224.43-505, the Environmental and Public Protection Cabinet shall suspend until July 1, 2008, enforcement activity regarding landfill closure, maintenance, monitoring, and remediation obligations against formerly permitted municipal solid waste disposal and water facilities owned by a city or county that ceases accepting waste prior to July 1, 1992, except as necessary to abate an environmental emergency.

(5) 404 Permitting Program: Included in the above Road Fund appropriation is $300,000 in each year of the biennium for the U.S. Clean Water Act section for the 404 Permitting Program in the Environmental and Public Protection Cabinet's Division of Water to facilitate highway construction projects.

3. NATURAL RESOURCES

	2006-07	**2007-08**
General Fund (Tobacco)	9,000,000	9,000,000
General Fund	14,895,300	14,895,700
Restricted Funds	5,704,300	5,886,500
Federal Funds	9,134,100	9,129,400
TOTAL	38,733,700	38,911,600

(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) Environmental Stewardship Program: Included in the above General Fund (Tobacco) appropriation is $9,000,000 in fiscal year 2006-2007 and $9,000,000 in fiscal year 2007-2008 for the Environmental Stewardship Program.

(3) Maxey Flats Deep Well Monitoring Project: Notwithstanding KRS 149.280(2) and 149.670, in fiscal year 2006-2007 the Division of Forestry shall transfer $500,000 to the Department of Environmental Protection, Division of Maxey Flats for the Deep Well Monitoring System capital project.

4. MINE RECLAMATION AND ENFORCEMENT

	2006-07	**2007-08**
General Fund	10,651,900	10,828,200
Restricted Funds	3,927,900	3,606,000
Federal Funds	18,314,400	18,871,500
TOTAL	32,894,200	33,305,700

(1) Return of Permit and Acreage Fees: Included in the above General Fund appropriation is $675,000 in each fiscal year for the return of permit and acreage fees under KRS 350.139. Any required expenditure for this purpose in excess of this amount in either fiscal year is appropriated to the department.

(2) Surface Coal Mining Permits: The permit block provisions of KRS 350.085(6) shall apply both to surface coal mining and reclamation operations owned or controlled by the applicant, and those operations owning or controlling the applicant. The Environmental and Public Protection Cabinet shall continue in effect the current state administrative regulations regarding ownership and control provided that a due process hearing shall be afforded at the time the Cabinet makes a preliminary determination to impose a permit block.

The Cabinet shall conditionally issue a permit, permit renewal, or authorization to conduct surface coal mining and reclamation operations, if the Cabinet finds that a direct administrative or judicial appeal is presently being pursued, in good faith, to contest the validity of the determination of ownership and control linkage. The Cabinet shall conditionally issue permits where the applicant submits proof, including a settlement agreement, that the violation is being abated to the satisfaction of the issuing state or federal agency. If the initial judicial appeal affirms the ownership or control linkage, the applicant shall have 30 days to submit proof that the violation has been or is in the process of being corrected. Nothing in this section shall preclude the applicant from seeking further judicial relief. The reporting requirements of KRS 350.060(3) shall not extend to persons at the level above a publicly traded corporation who own or control the applicant.

The Cabinet shall continue in force the current administrative regulations regarding ownership and control, in a manner consistent with this section, until the Ownership and Control Settlement Rule is finalized, at which time the state program administrative regulations shall be revised to maintain consistency with the federal requirements and shall be submitted as a state program amendment for approval by the federal Office of Surface Mining Reclamation and Enforcement.

5. ABANDONED MINE LAND RECLAMATION PROJECTS

	2006-07	**2007-08**
Federal Funds	22,000,000	22,000,000

(1) Fund Receipt and Expenditures Estimates: The above appropriation represents estimates of the funds to be received and expended for this program. If additional funds become available, the funds are appropriated subject to the conditions and procedures provided in this Act.

6. ENVIRONMENTAL QUALITY COMMISSION

	2006-07	**2007-08**

Restricted Funds	266,600	263,800

7. KENTUCKY NATURE PRESERVES COMMISSION

	2006-07	**2007-08**
General Fund	1,166,500	1,166,500
Restricted Funds	378,900	402,800
Federal Funds	55,000	55,000
TOTAL	1,600,400	1,624,300

8. PUBLIC PROTECTION COMMISSIONER

	2006-07	**2007-08**
Restricted Funds	1,188,700	1,193,400

9. BOXING AND WRESTLING AUTHORITY

	2006-07	**2007-08**
Restricted Funds	100,000	100,000

10. PETROLEUM STORAGE TANK ENVIRONMENTAL ASSURANCE FUND

	2006-07	**2007-08**
General Fund	-0-	3,479,000
Restricted Funds	29,164,500	29,277,700
TOTAL	29,164,500	32,756,700

(1) Debt Service: Included in the above General Fund appropriation in fiscal year 2007-2008 is $3,479,000 for debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act. Included in the above Restricted Funds appropriation in fiscal year 2006-2007 is $25,000,000 for underground storage tank fund payments from new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) Financial Responsibility Account: Any Restricted Funds receipts generated by the Petroleum Storage Tank Assurance Fund in fiscal year 2006-2007 in excess of the amounts appropriated above shall be allocated to the Financial Responsibility Account to

help ensure that the agency meets its reserve balance requirements in fiscal year 2007-2008.

11. ALCOHOLIC BEVERAGE CONTROL

	2006-07	2007-08
General Fund	1,441,400	1,058,600
Restricted Funds	3,577,800	4,131,600
TOTAL	5,019,200	5,190,200

(1) Sale and Distribution of Tobacco Products Enforcement: Included in the above General Fund appropriation is $250,000 in fiscal year 2006-2007 and $250,000 in fiscal year 2007-2008 to carry out the provisions of KRS 438.337.

12. CHARITABLE GAMING

	2006-07	2007-08
Restricted Funds	3,299,600	3,343,200

13. BOARD OF CLAIMS/CRIME VICTIMS' COMPENSATION BOARD

	2006-07	2007-08
General Fund	848,000	848,000
Restricted Funds	2,119,200	1,997,400
Federal Funds	540,100	540,100
TOTAL	3,507,300	3,385,500

(1) Sexual Assault Examinations: Notwithstanding KRS 216B.400(8), examinations for reported victims of sexual assault shall be paid by the Crime Victims' Compensation Board in a manner consistent with KRS Chapter 346, at a rate determined by the Board. The Board shall reimburse the hospital or sexual assault examination facility as provided in administrative regulations promulgated by the Board.

14. FINANCIAL INSTITUTIONS

	2006-07	2007-08
Restricted Funds	9,223,800	9,342,200

15. HORSE RACING AUTHORITY

	2006-07	**2007-08**
General Fund	1,709,700	509,700
Restricted Funds	27,934,800	27,778,100
TOTAL	29,644,500	28,287,800

[~~**(1) Prohibition of Racing Dates Fee and Assessments**: The Horse Racing Authority is prohibited from imposing a fee or assessment on thoroughbred and standardbred race tracks, based on the number of racing dates allotted to each track.~~]*(Veto #9)*

(2) Management and Financial Audit: A management and financial audit shall be conducted by the Auditor of Public Accounts and shall be completed by December 31, 2006. A report shall be provided to the Interim Joint Committee on Licensing and Occupations and the racing associations licensed pursuant to KRS Chapter 230.

16. HOUSING, BUILDINGS AND CONSTRUCTION

	2006-07	**2007-08**
General Fund	2,524,200	2,524,200
Restricted Funds	15,867,900	16,158,900
TOTAL	18,392,100	18,683,100

17. INSURANCE

	2006-07	**2007-08**
General Fund (Tobacco)	13,692,700	14,496,000
General Fund	6,500,000	13,500,000
Restricted Funds	22,110,700	22,318,000
TOTAL	42,303,400	50,314,000

(1) Additional Personnel: Included in the above Restricted Funds appropriation is $66,900 in fiscal year 2006-2007 and $67,800 in fiscal year 2007-2008 to fill one position in the Captive Insurance Program.

(2) Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is $13,692,700 in fiscal year 2006-2007 and $14,496,000 in fiscal year 2007-2008 for the Kentucky Access Program.

(3) Kentucky Access: Notwithstanding KRS 304.17B-021, during the 2006-2008 biennium, the Secretary of the Environmental and Public Protection Cabinet may seek authorization from the State Budget Director to reallocate excess unbudgeted operating funds generated by the Office of Insurance to Kentucky Access. Any such funding reallocations that are approved by the State Budget Director shall be reported to the Interim Joint Committee on Appropriations and Revenue consistent with the provisions of this Act.

(4) Small Business Health Insurance: Included in the above General Fund appropriation is $6,500,000 in fiscal year 2006-2007 and $13,500,000 in fiscal year 2007-2008 to fund the Small Business Health Insurance Subsidy Program.

18. MINE SAFETY REVIEW COMMISSION

	2006-07	**2007-08**
General Fund	200,700	202,400

19. MINE SAFETY AND LICENSING

	2006-07	**2007-08**
General Fund	9,522,600	9,522,600
Restricted Funds	1,437,200	1,635,900
Federal Funds	581,100	581,100
TOTAL	11,540,900	11,739,600

(1) Coal Workers' Pneumoconiosis Fund: Included in the above Restricted Funds appropriation is $952,000 in fiscal year 2006-2007 and $952,000 in fiscal year 2007-2008 to support compliance, education, and training programs from the Coal Workers' Pneumoconiosis Fund.

(2) Necessary Mine Inspection Funding: To adequately fund mine inspection salaries beyond the personnel appropriation during the biennium, up to $750,000 in each fiscal year shall be deemed a necessary government expense and transferred from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705). These funds shall be transferred only upon certification of need by the Secretary of the Environmental and Public Protection Cabinet to the Secretary of the Finance and Administration Cabinet.

20. PUBLIC SERVICE COMMISSION

	2006-07	**2007-08**
General Fund	12,624,800	13,006,000
Restricted Funds	850,000	850,000
Federal Funds	216,000	218,300
TOTAL	13,690,800	14,074,300

(1) Debt Service: Included in the above General Fund appropriation is $589,000 in fiscal year 2006-2007 and $589,000 in fiscal year 2007-2008 for debt service for previously issued bonds.

(2) Lapse of General Fund Appropriation Balance: Notwithstanding KRS 278.150(3), $5,273,000 in fiscal year 2005-2006 shall lapse to the credit of the General Fund. Notwithstanding KRS 278.150(3), $1,000,000 in fiscal year 2006-2007 and $1,000,000 in fiscal year 2007-2008 shall lapse to the credit of the General Fund.

(3) Water Districts and Water Associations: A water district created pursuant to KRS Chapter 74 and a water association created pursuant to KRS Chapter 273 that undertakes a waterline extension or improvement project shall not be required to obtain a certificate of public convenience and necessity pursuant to 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.

(4) Kentucky Broadband Task Force Report: The Kentucky Broadband Task Force shall examine the deployment of broadband, as defined in KRS 278.5461, in the Commonwealth and provide to the Legislative Research Commission and to the Governor a final report to be submitted no later than November 15, 2006.

(5) 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.

21. TAX APPEALS

	2006-07	**2007-08**
General Fund	471,400	465,400

22. LABOR

	2006-07	**2007-08**
General Fund	2,453,400	2,456,800
Restricted Funds	116,986,200	117,654,300
Federal Funds	3,343,800	3,329,800
TOTAL	122,783,400	123,440,900

23. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

	2006-07	**2007-08**
Restricted Funds	500,600	510,900

24. WORKERS' COMPENSATION BOARD

	2006-07	**2007-08**

Restricted Funds	937,900	949,500

25. WORKERS' COMPENSATION FUNDING COMMISSION

	2006-07	2007-08
Restricted Funds	137,298,200	135,181,600

(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 2006-2007 and fiscal year 2007-2008.

(2) Mine Safety Funding: Notwithstanding KRS 342.122(1)(a), $952,000 in each 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 in the Department of Public Protection.

TOTAL - ENVIRONMENTAL AND PUBLIC PROTECTION CABINET

	2005-06	2006-07	2007-08
General Fund (Tobacco)	-0-	22,692,700	23,496,000
General Fund	21,000	99,373,800	109,122,500
Restricted Funds	-0-	429,877,200	424,874,300
Federal Funds	-0-	74,763,800	75,575,500
Road Fund	-0-	300,000	300,000
TOTAL	21,000	627,007,500	633,368,300

G. FINANCE AND ADMINISTRATION CABINET

Budget Units

1. GENERAL ADMINISTRATION

	2006-07	2007-08
General Fund	10,281,500	10,442,600
Restricted Funds	34,891,600	34,756,000
Road Fund	400,000	400,000
TOTAL	45,573,100	45,598,600

(1) Affordable Housing Trust Fund: Included in the above Restricted Funds appropriation is $4,300,000 in fiscal year 2006-2007 and $4,300,000 in fiscal year 2007-2008 for the Affordable Housing Trust Fund. The Kentucky Housing Corporation shall provide from the Kentucky Housing Corporation Housing Assistance Fund to the Affordable Housing Trust Fund $500,000 in fiscal year 2006-2007 and $500,000 in fiscal year 2007-2008.

(2) Trooper Island, Inc.: The Kentucky Housing Corporation shall provide from the Kentucky Housing Corporation Housing Assistance Fund to Trooper Island, Inc., $250,000 in fiscal year 2006-2007 and $250,000 in fiscal year 2007-2008.

(3) Gubernatorial Transition: Funds that are necessary to meet the Commonwealth's obligations for gubernatorial transition, up to but not to exceed $220,000 in fiscal year 2007-2008, 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

	2006-07	**2007-08**
General Fund	10,954,300	10,954,300
Restricted Funds	2,052,700	2,052,900
Federal Funds	1,000,000	1,000,000
TOTAL	14,007,000	14,007,200

(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 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.

3. DEBT SERVICE

	2006-07	2007-08
General Fund (Tobacco)	17,842,700	17,847,400
General Fund	328,147,100	327,397,800
TOTAL	345,989,800	345,245,200

(1) New Debt Service: Included in the above General Fund appropriation is $3,492,000 in fiscal year 2006-2007 and $11,137,000 in fiscal year 2007-2008 to support new bonds as set forth in Part II, Capital Projects Budget, of this Act for appropriation units within the Finance and Administration Cabinet.

(2) Tobacco Settlement Funds - 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.

4. FACILITIES AND SUPPORT SERVICES

	2006-07	2007-08
General Fund	7,518,200	7,526,800
Restricted Funds	29,908,400	30,360,400
TOTAL	37,426,600	37,887,200

(1) Capital Construction Contingency Fund: If funds in the Capital Construction Contingency Fund 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.

(2) Emergency Repair, Maintenance, and Replacement Fund: If funds in the Emergency Repair, Maintenance, and Replacement Fund 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.

5. COUNTY COSTS

	2006-07	**2007-08**
General Fund	19,181,500	20,481,500
Restricted Funds	1,950,000	1,950,000
TOTAL	21,131,500	22,431,500

(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

	2006-07	**2007-08**
Restricted Funds	61,168,500	62,962,400
Federal Funds	863,100	775,000
TOTAL	62,031,600	63,737,400

[~~**(1) Reporting Requirements**: The Commonwealth Office of Technology shall report semiannually to the Interim Joint Committee on Appropriations and Revenue the number of sole-source contracts, amounts awarded for sole-source contracts, and the purposes of the sole-source contracts; and the number of contract employees, the amount expended for contract employees, the projects contract employees worked on, and a justification why state merit employees were not used.~~] *(Veto #10)*

7. REVENUE

	2006-07	**2007-08**
General Fund (Tobacco)	175,000	175,000

General Fund	71,880,000	73,234,300
Restricted Funds	4,381,500	4,378,600
Road Fund	2,000,000	2,000,000
TOTAL	78,436,500	79,787,900

(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 2006-2008 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 2005-2006 and 2006-2007 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 and 365.390(2), funds may be expended in support of the operations of the Department of Revenue.

(4) Debt Collection Fee Distribution: Notwithstanding KRS 45.238(3), 45.240(3) and 45.241(7)(b), the Secretary of the Finance and Administration Cabinet may determine, on an equitable basis, that all or a portion of any debt or improper payment recovered by the Department of Revenue pursuant to the provisions of KRS 45.237, 45.238 and 45.241 may be returned to the agency certifying the debt or improper payment or to the Court of Justice for allocation as otherwise provided by law.

The Department of Revenue may promulgate an administrative regulation pursuant to KRS Chapter 13A to establish criteria to administer the provisions of this section.

8. PROPERTY VALUATION ADMINISTRATORS

	2006-07	**2007-08**
General Fund	32,769,300	33,399,300

Restricted Funds	4,319,400	4,319,400
TOTAL	37,088,700	37,718,700

(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

	2006-07	**2007-08**
General Fund (Tobacco)	18,017,700	18,022,400
General Fund	480,731,900	483,436,600
Restricted Funds	138,672,100	140,779,700
Federal Funds	1,863,100	1,775,000
Road Fund	2,400,000	2,400,000
TOTAL	641,684,800	646,413,700

H. CABINET FOR HEALTH AND FAMILY SERVICES

Budget Units

1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

	2005-06	**2006-07**	**2007-08**
General Fund	-0-	35,015,700	34,600,000
Restricted Funds	450,000	11,405,400	11,417,500
Federal Funds	-0-	43,040,700	42,408,400
TOTAL	450,000	89,461,800	88,425,900

(1) Maximizing Federal Funds: Pursuant to compliance with the State/Executive Branch Budget Bill and the Statutory Budget Memorandum, the Cabinet for Health and Family Services shall maximize Federal Funds for programs within the Cabinet.

(2) 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.

(3) Debt Service: Included in the above General Fund appropriation is $220,000 in fiscal year 2007-2008 for debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(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 Human Support Services, Commission for Children with Special Health Care Needs, Department for Disability Determination Services, Department for Community Based Services, Department for Medicaid Services, Department for Mental Health/Mental Retardation Services, and the Department for Public Health shall be authorized to establish and fill such positions as are 100 percent federally funded for salary and fringe benefits.

2. COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS

	2006-07	**2007-08**
General Fund (Tobacco)	312,100	352,000
General Fund	5,835,400	5,917,000
Restricted Funds	6,696,100	6,773,400
Federal Funds	4,379,000	4,379,000
TOTAL	17,222,600	17,421,400

(1) Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is $310,100 in fiscal year 2006-2007 and $350,000 in fiscal year 2007-2008 for Universal Newborn Hearing Screening and $2,000 in each fiscal year for Vision Screening.

3. MEDICAID SERVICES

a. Medicaid Administration

	2005-06	**2006-07**	**2007-08**
General Fund	17,198,900	37,882,400	36,441,700
Restricted Funds	-0-	14,075,000	13,080,000
Federal Funds	24,271,000	56,945,500	46,579,400
TOTAL	41,469,900	108,902,900	96,101,100

(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 section 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.

(3) Medicaid Eligibility Determination Contract Funding: Included in the above General Fund and Restricted Funds appropriations are the total state matching funds required to fully fund the Medicaid Eligibility Determination contract in each year of the fiscal biennium between the Department for Medicaid Services and Department for Community Based Services.

b. Medicaid Benefits

	2005-06	**2006-07**	**2007-08**
General Fund	68,101,100	1,001,577,900	1,041,097,000
Restricted Funds	5,021,900	383,400,500	388,805,100
Federal Funds	215,142,900	3,100,931,200	3,212,280,900
TOTAL	288,265,900	4,485,909,600	4,642,183,000

(1) Supports for Community Living Slots: Included in the above appropriation is $1,856,300 in General Fund moneys and $4,331,200 in Federal Funds in fiscal year 2006-2007 to support 100 additional Supports for Community Living slots and $6,393,800 in General Fund moneys and $14,918,700 in Federal Funds in fiscal year 2007-2008 to support 100 additional Supports for Community Living slots for a total of 200 additional slots.

Supports for Community Living Waiver funds shall be utilized only for direct services to qualified Supports for Community Living Waiver recipients, and any unexpended funds shall not lapse but shall be carried forward to the next fiscal year for the same purpose.

(2) Carry Forward of General Fund Appropriation Balance: Notwithstanding KRS 45.229, any General Fund appropriation unexpended in fiscal year 2006-2007 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 where 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 inspection.

(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. Notwithstanding any other provision of this Act or law, 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 Medicaid Benefits to the KCHIP General Fund or Restricted Funds appropriations to be used to match the Federal Funds allocation. 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 (IGT's): Any funds received through an 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 IGT's are contingent upon agreement by the parties and, when negotiated, 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 for Medicaid Modernization: Any portion of the General Fund appropriation in either fiscal year that is deemed to be necessary for the administration of the Medicaid Modernization initiative may be transferred from Medicaid Benefits 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: Notwithstanding 2004 Ky. Acts ch. 56, sec. 2, through June 30, 2008, 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, 2006, 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 authority.

(15) 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 of effort.

(16) Quarterly Cost Containment Reporting: The Cabinet for Health and Family Services shall submit a quarterly report to the Interim Joint Committee on Appropriations and Revenue on cost-containment initiatives implemented to reduce costs

in the Medicaid Program, including the actual experience compared to projected savings for each initiative. In addition, this report shall include any anticipated initiatives to be implemented to reduce Medicaid costs, including a projection for savings from each initiative and implementation date. If applicable, the report shall also include a list of anticipated Medicaid Program expansions, including projected costs and implementation dates.

(17) Adult Day Care Service Rate Increase: Included in the above appropriation is $700,000 in Restricted Funds and $1,595,100 in Federal Funds in fiscal year 2006-2007 and $700,000 in Restricted Funds and $1,601,100 in Federal Funds in fiscal year 2007-2008 to increase reimbursement rates for Adult Day Care services.

(18) School-based Health Service Expansion: Included in the above appropriation is $250,000 in Restricted Funds and $569,700 in Federal Funds in fiscal year 2006-2007 and $250,000 in Restricted Funds and $571,800 in Federal Funds in fiscal year 2007-2008 to expand school-based health services.

(19) Ambulance Fee Increase: The Department for Medicaid Services shall continue ambulance reimbursement during each fiscal year at the rate level established by the 2005 General Assembly for fiscal year 2005-2006.

(20) Model II Waiver Expansion: Included in the above appropriation is $1,000,000 in General Fund support and $2,278,700 in Federal Funds in fiscal year 2006-2007 and $1,000,000 in General Fund support and $2,287,300 in Federal Funds in fiscal year 2007-2008 to expand Model II waiver services to approximately 40 additional ventilator-dependent patients.

(21) Breast and Cervical Cancer Treatment Expansion: Included in the above appropriation is $150,000 in Restricted Funds and $341,800 in Federal Funds in fiscal year 2006-2007 and $150,000 in Restricted Funds and $343,100 in Federal Funds in fiscal year 2007-2008 to expand the Breast and Cervical Cancer Treatment Services Program.

(22) General Fund Carry Forward: Notwithstanding KRS 45.229, included in the above General Fund appropriation is $3,264,000 in fiscal year 2005-2006 which shall be carried forward and utilized to support Medicaid Benefits expenditures in fiscal year 2006-2007 and $2,387,300 in fiscal year 2006-2007 which shall be carried forward and utilized to support Medicaid Benefits expenditures in fiscal year 2007-2008.

(23) Hospital Provider Tax and Enhanced Payments: Notwithstanding KRS 142.303 or the 2004-2006 State/Executive Branch Budget (2005 Ky. Acts ch. 173) establishing a lower amount of tax, hospital provider tax collections in fiscal year 2005-2006 shall not be less than $180,000,000. Notwithstanding KRS 205.640 and any other provision of the Kentucky Revised Statutes to the contrary, the Department for Medicaid Services shall use these funds to maintain and continue the hospital inpatient payment enhancements to Kentucky hospitals adopted in fiscal year 2005-2006 and the additional funding allocated by the Department to enhance reimbursement to hospitals paid under managed care arrangements. If the aggregate tax collected from all hospitals in fiscal year 2005-2006 pursuant to KRS 142.303 is less than $180,000,000, each hospital shall pay an additional provider tax in an amount equal to its pro rata share of the difference, based on its taxes paid in relation to total hospital taxes paid in the prior fiscal year. If the hospital provider tax paid in fiscal year 2005-2006 pursuant to KRS 142.303 is greater than $180,000,000, the amount in excess of $180,000,000 shall be deposited into the "Hospital Payment Improvement Trust Fund," which is hereby created in the State Treasury as a trust and agency account, and shall be matched with Federal Funds for the sole use of increasing reimbursement to Kentucky hospitals, including those paid under managed care arrangements. To the extent that funds remain in the trust fund established by 2005 Ky. Acts ch. 173, Part I, H.3.b.(7), those funds shall be transferred to the fund created in this subsection, and shall be used for the purposes stated above. Any outstanding payments due pursuant to the provisions of 2005 Ky. Acts ch. 173, Part I, H.3.b.(7) shall

be retroactive to the beginning of fiscal year 2005-2006 and shall be paid no later than July 30, 2006.

Notwithstanding KRS 142.303**,** hospital provider tax collections for fiscal year 2006-2007 and fiscal year 2007-2008 shall be not less than $180,000,000, but shall not exceed the amount of the aggregate provider taxes paid by hospitals in fiscal year 2005-2006. Notwithstanding KRS 205.640 and any other provision of the Kentucky Revised Statutes to the contrary, the Department for Medicaid Services shall use these funds to maintain and continue the hospital inpatient payment enhancements to Kentucky hospitals adopted in fiscal year 2005-2006 and the additional funding allocated by the Department to enhance reimbursement to hospitals paid under managed care arrangements. Notwithstanding KRS 142.301 to 142. 363**,** taxes due in fiscal year 2006-2007 and in fiscal year 2007-2008 shall be paid in 12 equal monthly installments, except as otherwise provided below, with each payment due no later than 20 days after the last day of each calendar month. At least 30 days prior to the beginning of the fiscal year, the Department of Revenue shall send written notice to each hospital of the hospital's estimated total tax liability for the year, which shall be the amount the hospital paid in taxes in fiscal year 2005-2006. The estimate for fiscal year 2006-2007 shall be based on actual payments for the first ten months of fiscal year 2005-2006, and an estimated amount for the last two months of fiscal year 2005-2006. Any adjustment in the total payment amount due to differences between the estimated and actual payments for the last two months of fiscal year 2005-2006 shall be made in the final payment due for fiscal year 2006-2007. In the case of a new hospital that did not operate in state fiscal year 2005-2006, the hospital shall be taxed pursuant to KRS 142.303. Any hospital provider tax collections in excess of $180,000,000 in fiscal year 2006-2007 or in fiscal year 2007-2008 shall be deposited into the "Hospital Payment Improvement Trust Fund," which is hereby created in the State Treasury as a trust and agency account, and shall be matched with Federal Funds for the sole use of increasing reimbursement to Kentucky hospitals,

including those paid under managed care arrangements. Any payments due pursuant to this section shall be made by July 30 of each fiscal year.

(24) Acquired Brain Injury Waiver Program: Included in the above appropriation is $1,000,000 in General Fund moneys and $2,278,700 in Federal Funds in fiscal year 2006-2007 and $1,000,000 in General Fund moneys and $2,287,300 in Federal Funds in fiscal year 2007-2008 to support 65 additional individuals through the Acquired Brain Injury Waiver Program.

(25) 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, except for 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.

(26) Appeals: An appeal for 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.

4. MENTAL HEALTH AND MENTAL RETARDATION SERVICES

	2006-07	**2007-08**
General Fund (Tobacco)	800,000	800,000
General Fund	185,755,200	194,117,600
Restricted Funds	207,572,000	210,790,500
Federal Funds	44,300,200	43,682,000
TOTAL	438,427,400	449,390,100

(1) Disproportionate Share Hospital Funds: Mental health disproportionate share funds are budgeted at the maximum amounts permitted by the Federal Balanced Budget Act of 1997, as amended by the Federal Benefits Improvements and Protection Act of 2000 and the Medicare Modernization Act of 2003, in the amount of $34,567,300 in each fiscal year.

(2) Kentucky Commission on Services and Supports for Individuals with Mental Illness, Alcohol and Other Drug Abuse Disorders, and Dual Diagnoses: The Department for Mental Health and Mental Retardation Services shall provide at least $12,500 each fiscal year to be distributed to support the continued operation of the 14 regional planning councils and Commission activities relating to the mandates of KRS 210.500, 210.502, 210.504, 210.506, and 210.509, through June 30, 2008. The regional planning councils shall make recommendations for, and the Commission shall develop, a two-year work plan for specifying goals and strategies relating to services and supports for individuals with mental illness, alcohol and other drug disorders, and dual diagnoses, and efforts to reduce the stigma associated with mental illness and other substance abuse disorders. The Commission shall report workgroup activities and findings to the Governor and the Interim Joint Committee on Health and Welfare by December 1 of each year.

(3) Debt Service: Included in the above General Fund appropriation in fiscal year 2007-2008 is $101,000 for debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(4) Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is $800,000 in each fiscal year for substance abuse prevention and treatment for pregnant women with a history of substance abuse problems.

(5) Replacement of Eastern State Hospital: The Secretary of the Cabinet for Health and Family Services, in compliance with KRS 210.370 to 210.485 and KRS Chapter 45A, shall be authorized to provide for the replacement and continuing operation of Eastern State Hospital. The Cabinet for Health and Family Services shall solicit proposals for such replacement by no later than January 1, 2007.

(6) Prior Notice Process for Changes to the Operations of Central State Hospital Intermediate Care Facility for the Mentally Retarded/Developmentally Disabled (ICF MR/DD): Notwithstanding KRS 210.045(1)(g), 210.045(1)(h), and 210.045(2), the 60 day notice requirement contained in KRS 210.045 is suspended until July 1, 2008, for changes to Central State Hospital ICF MR/DD as referenced in subsection (7) of this section. However, the remaining provisions of KRS 210.045 shall continue to be in effect.

(7) Hazelwood Intermediate Care Facility for the Mentally Retarded/Developmentally Disabled (ICF MR/DD): The Cabinet for Health and Family Services may procure, through the process established by KRS Chapter 45A, a contractual arrangement for a nonstate agency to construct residential units to accommodate the transfer of licensed ICF MR/DD beds at Central State Hospital to the Hazelwood campus. The Cabinet may use these units to house residents currently located at Central State ICF MR/DD. Requests for Proposals shall be issued no later than January 1, 2007, for the construction of the residential units to accommodate the transfer of licensed ICF MR/DD beds at Central State to the Hazelwood campus, and the construction of an outpatient psychiatric physical health clinic and an outpatient psychiatric dental clinic on the campus of Hazelwood ICF MR/DD.

(8) Crisis Stabilization Mental Health Services through Regional Mental Health/Mental Retardation (MH/MR) Boards: Included in the above General Fund appropriation is $3,027,400 in fiscal year 2006-2007 and $3,077,500 in fiscal year 2007-2008 to support crisis stabilization mental health services provided through regional MH/MR boards, including $127,400 in fiscal year 2006-2007 and $177,500 in fiscal year 2007-2008 for mental inquest warrant patients served by Hardin Memorial Hospital.

(9) Wellsprings David Block Crisis Stabilization Unit: Included in the above General Fund appropriation is $500,000 in each fiscal year to establish the Wellsprings David Block Crisis Stabilization Unit in Louisville, Kentucky to provide mental health crisis stabilization services.

(10) Aging Caregivers One-Stop Shop: Included in the above General Fund appropriation is $200,000 in each fiscal year to establish an Aging Caregivers One-Stop Shop to provide aging caregivers with information, consultation, and assistance with choices and planning for long-term supports for individuals with mental retardation and developmental disability.

5. PUBLIC HEALTH

	2006-07	**2007-08**
General Fund (Tobacco)	14,000,900	14,721,100
General Fund	70,899,700	73,823,000
Restricted Funds	71,482,700	71,599,000
Federal Funds	169,426,000	169,878,400
TOTAL	325,809,300	330,021,500

(1) Health Kentucky: Included in the above General Fund appropriation is $150,000 in fiscal year 2006-2007 for Health Kentucky, Inc.

(2) Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is $7,149,800 in fiscal year 2006-2007 and $7,599,900 in fiscal year 2007-2008 for the Health Access Nurturing Development Services Program; $1,000,000 in

fiscal year 2006-2007 and $1,140,100 in fiscal year 2007-2008 for Healthy Start initiatives; $1,750,000 in each fiscal year for Universal Children's Immunizations; $400,000 in each fiscal year for the Folic Acid Program; $775,000 in each fiscal year for Early Childhood Mental Health; $210,500 in each fiscal year for Early Childhood Oral Health; $2, 215,600 in fiscal year 2006-2007 and $2,345,600 in fiscal year 2007-2008 for the Smoking Cessation Program; and $500,000 in each fiscal year for the Kentucky Early Intervention Services First Steps Program.

(3) Governor's Council on Wellness and Physical Activity: Included in the above General Fund appropriation is $1,000,000 in fiscal year 2006-2007 and $1,500,000 in fiscal year 2007-2008 for the Governor's Council on Wellness and Physical Activity to develop and implement a statewide fitness program available to all Kentuckians that promotes fitness and wellness for persons of all ages and fitness levels.

(4) 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.

(5) Medicaid State Match for Preventive Services Through Local and District Health Departments: Included in the Medicaid Benefits appropriation 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.

(6) Health Insurance for Local and District Health Departments: Included in the above General Fund appropriation is $6,174,000 each fiscal year to assist the Local and District Health Departments with the required increased employer contribution for

employee health insurance. These funds shall be distributed to the Local and District Health Departments at least quarterly.

(7) Diabetes Services: Included in the above General Fund appropriation is $2,300,000 in fiscal 2006-2007 and $3,050,000 in fiscal year 2007-2008 for continuation of base services through Local or District Health Departments.

(8) Diabetes Research Board: Included in the above General Fund appropriation is $200,000 in each fiscal year, which shall be allocated to the Diabetes Research Board.

(9) Diabetes Centers of Excellence: Included in the above General Fund appropriation is $750,000 each fiscal year to establish three regional Diabetes Centers of Excellence. Services within the Centers will be based on the number of Medicaid recipients diagnosed with diabetes within the area. These centers shall be designed to provide education, intervention therapy, and case management services and shall demonstrate the effectiveness of this intervention with outcomes and reduced Medicaid expenditures for this disease.

(10) Local and District Health Department Infrastructure Pool: Included in the above General Fund appropriation is $466,000 in fiscal year 2007-2008 to provide debt service to support $10,000,000 in bonds for a Local and District Health Department Infrastructure Pool to be administered by the Department for Public Health to address a portion of the construction and renovation needs of the local public health agencies as set forth in Part II, Capital Projects Budget, of this Act. The Department for Public Health shall establish an application process to participate in this pool, and that process shall require in-kind or matching funds from the local agency of not less than 25 percent of the grant requested. No individual grant from this pool shall exceed $500,000. If the amount of bond funds available from the pool is not sufficient to cover all applications, the department shall determine the distribution of pool assets.

(11) Kentucky Prescription Drug Patient Assistance Program: Included in the above General Fund appropriation is $125,000 in fiscal year 2006-2007 and $200,000 in

fiscal year 2007-2008 to establish the Kentucky Prescription Drug Patient Assistance Program to create a statewide network to link low-income Kentuckians with prescription drug patient assistance programs offered by pharmaceutical companies and to provide assistance in obtaining and completing the required documents. The Department may contract with the University of Kentucky, local health departments, or other organizations to develop a network and provide this assistance.

(a) As used in this subsection, "prescription drug patient assistance programs" means the programs offered by pharmaceutical companies under which the companies provide drugs to low-income individuals at no charge or at a substantially reduced cost. The term does not include the provision of a drug as part of a clinical trial.

(b) The Kentucky Prescription Drug Patient Assistance Program is established within the Cabinet for Health and Family Services, Department for Public Health. The purposes of the program are to:

1. Create an Internet-based statewide network to link low-income Kentuckians with prescription drug patient assistance programs offered by pharmaceutical companies;

2. Provide assistance in obtaining and completing the required documents;

3. Establish guidelines related to the security and privacy of protected health information provided through the Internet-based statewide network; and

4. Explore the feasibility of the standardization of the application process for prescription drug patient assistance programs.

(c) If funds are available, the program created in paragraph (b) of this subsection shall:

1. Provide information on the eligibility guidelines and drug coverage provided though any drug assistance program offered by the cabinet;

2. Provide information on the process for applying to pharmaceutical companies for free or discounted prescription drugs;

3. Provide information to individuals, physicians, pharmacists, and pharmacies regarding eligibility for prescription drug patient assistance programs;

4. Increase awareness of the various prescription drug patient assistance programs offered by pharmaceutical companies;

5. Establish an Internet-based statewide network to provide information on prescription drug patient assistance programs;

6. Link individuals to local community resources to assist with completing required documents; and

7. Use the e-health network Web site to provide a link to information on prescription drug assistance programs, eligibility guidelines, and applications. The e-health network link shall have the capability of supporting the completion and transmission of the applications online to health care providers for any required signatures.

(d) The cabinet may consult or contract with the University of Kentucky College of Pharmacy, University of Kentucky College of Agriculture Cooperative Extension, local health departments, libraries, the Kentucky Cancer Caucus, or other organizations to develop a network of agencies to assist individuals in accessing prescriptions through the prescription drug patient assistance programs.

(e) The cabinet may seek funding for the Internet-based statewide network created under paragraph (b) of this subsection from pharmaceutical companies or any other private entity. Any funding provided by a private entity shall be on a voluntary basis.

(f) The cabinet may promulgate an administrative regulation to establish guidelines related to the security and privacy of protected health information provided through the Internet-based statewide network created under paragraph (b) of this subsection.

(12) Area Health Education Centers: Included in the above General Fund appropriation is $1,500,000 in fiscal year 2006-2007 and $1,500,000 in fiscal year 2007-2008 to support the Area Health Education Centers. The Cabinet for Health and Family Services shall contract with the University of Louisville and the University of Kentucky to provide the required support and the amount of that contract shall be in addition to any other appropriations received by the universities and shall not become part of the universities' base budgets for purposes of the Council on Postsecondary Education funding formula.

(13) Central Kentucky Blood Center: Included in the above General Fund appropriation is $500,000 in fiscal year 2006-2007 to provide assistance toward the construction of new facilities and purchase of equipment related to blood collection and distribution.

(14) Kentucky AIDS Drug Assistance Program: Included in the above General Fund appropriation is $250,000 in each fiscal year for the Kentucky AIDS Drug Assistance Program (KADAP).

(15) Poison Control Center: Additional support of $150,000 is provided in the above General Fund appropriation in each fiscal year for the Poison Control Center.

(16) Lead Poisoning and Screening Program: Included in the above General Fund appropriation is $50,000 in each fiscal year for the Lead Poisoning and Screening Program. With these funds, the Department for Public Health shall review all federal Medicaid or Medicare compliance issues with respect to lead poisoning and screening and report its findings to the General Assembly. The report shall include a proposed plan of action to correct any deficiencies or areas where programs and services are offered or supported by the Cabinet and are not in compliance with federal requirements related to lead poisoning and screening.

(17) Osteoporosis Prevention and Education Program: Included in the above General Fund appropriation is $90,000 in each fiscal year to establish, promote, and maintain a statewide multigenerational osteoporosis prevention and education program.

6. HEALTH POLICY

	2006-07	**2007-08**
General Fund	636,000	625,600
Restricted Funds	605,700	622,400
TOTAL	1,241,700	1,248,000

[~~**(1) Voluntary Relinquishment of a Certificate of Need or Licensure:** Notwithstanding KRS 216B.061, following the voluntary closure of a health care facility, revocation of a certificate of need, or the revocation of licensure, the beds, equipment, and services provided by the closed facility shall be reserved for applications for any certificate of need to reestablish the same services, in whole or part, in the same county as the closed health facility.~~] *(Veto #11)*

7. HUMAN SUPPORT SERVICES

	2005-06	**2006-07**	**2007-08**
General Fund (Tobacco)	-0-	100,000	100,000
General Fund	-0-	41,528,400	45,648,400
Restricted Funds	100,000	656,600	656,600
Federal Funds	-0-	24,396,700	24,401,900
TOTAL	100,000	66,681,700	70,806,900

(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 2005-2006. 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.

(2) Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is $100,000 in each fiscal year for the Children's Advocacy Centers.

(3) Children's Advocacy Centers: Included in the above General Fund appropriation is funding to provide each Regional Children's Advocacy Center an increase in its base operating grant of $32,000 for each fiscal year. Also included in the above General Fund appropriation is funding to provide each Regional Children's Center an additional $34,600 appropriation each fiscal year provided that the Center has on staff, or can document the intent to employ or contract for, a qualified forensic interviewer at least half-time.

(4) Regional Rape Crisis Centers: Included in the above General Fund appropriation is funding to provide an increase of $66,600 in base state funding for each region, for each year of the biennium, to cover increased levels of client service needs and increased cost of center operations.

(5) Domestic Violence Statewide Programs: Included in the above General Fund appropriation is funding to provide a grant of $45,000 for each region for each fiscal year, to cover increased levels of client service needs and increased cost of center operations of Domestic Violence Programs. These funds are in addition to funding received through the Department for Community Based Services.

(6) Family Resource and Youth Service Centers: Included in the above General Fund appropriation is $1,522,600 in fiscal year 2006-2007 and $3,045,200 in fiscal year 2007-2008 to provide an allocation rate increase to $204 per eligible child in fiscal year 2006-2007, and return to the original allocation rate of $210 per eligible child in fiscal year 2007-2008. Also included in the above General Fund appropriation is $1,060,800 to expand the program to serve 25 additional schools in fiscal year 2006-2007

and $2,373,000 to expand the program to serve 29 additional schools in fiscal year 2007-2008.

(7) Kentucky Family Caregiver Program: Included in the above General Fund appropriation is $1,250,000 in fiscal year 2006-2007 and $2,000,000 in fiscal year 2007-2008 for the expansion of the Kentucky Family Caregiver Program to provide assistance grants or vouchers to grandparents who are the primary caregivers of their grandchildren. To be eligible for this program, a grandparent may not have annual income that exceeds 150 percent of the federal poverty level and may not be receiving payments from the Kinship Care Program. The maximum total of grants or vouchers per child shall be $750 in any one fiscal year for each grandchild. Grants or vouchers from this program shall be utilized by the grandparent to provide child clothing, respite assistance, educational supplies or assistance, required legal services, medical and dental services, and other expenses for the grandchild that the cabinet authorizes. The Cabinet for Health and Family Services shall promulgate administrative regulations, in accordance with KRS Chapter 13A, to implement this program no later than January 1, 2007.

(8) Expansion of Aging Services: Included in the above General Fund appropriation is $3,500,000 in fiscal year 2006-2007 and $4,000,000 in fiscal year 2007-2008 to expand Aging Services. With these additional funds and the base appropriation, the General Fund amount shall be expended in the following manner: $28,224,300 in fiscal year 2006-2007 and $28,724,400 in fiscal year 2007-2008 to address waiting lists in programs such as Homecare Services, the Personal Care Attendant Program, Adult Day Care, and Home-Delivered Meals. The additional funding provided in this subsection shall only be utilized for the provision of additional direct services in these programs.

(9) Dementia Training: Included in the above General Fund appropriation is $50,000 in fiscal year 2006-2007 and $50,000 in fiscal year 2007-2008 to create a voluntary pilot program for dementia training for long-term care facilities.

(10) Ready, Set, Success Program: The Department for Human Support Services shall establish a "Ready, Set, Success" pilot program to encourage the development of local community partnerships and the development of programs and services for children who are under age six, and to ensure that children across the Commonwealth are born healthy, are nurtured, and remain healthy, safe, and prepared to succeed in school and life.

a. The Department shall promulgate administrative regulations to define the "Ready, Set, Success" Program and service criteria.

b. The Department, in cooperation with the Kentucky Department of Education and the Education Cabinet, may host an annual statewide "Ready, Set, Success" summit to share findings and best practices from the pilot program. The Department shall advise the Department of Education and the Education Cabinet on the time and location of the summit.

8. OMBUDSMAN

	2006-07	**2007-08**
General Fund	3,568,400	3,534,400
Restricted Funds	50,000	50,000
Federal Funds	2,203,600	2,183,000
TOTAL	5,822,000	5,767,400

9. DISABILITY DETERMINATION SERVICES

	2006-07	**2007-08**
Restricted Funds	65,800	65,800
Federal Funds	48,584,000	50,174,900
TOTAL	48,649,800	50,240,700

10. COMMUNITY BASED SERVICES

	2005-06	**2006-07**	**2007-08**
General Fund (Tobacco)	-0-	6,970,400	7,420,400

General Fund	-0-	316,033,500	341,729,700
Restricted Funds	-0-	133,505,800	136,301,300
Federal Funds	4,900,300	511,118,200	523,230,400
TOTAL	4,900,300	967,627,900	1,008,681,800

(1) Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is $6,970,400 in fiscal year 2006-2007 and $7,420,400 in fiscal year 2007-2008 for the Early Childhood Development Program.

(2) Out-of-Home Care: Included in the above General Fund appropriation is $7,383,000 in fiscal year 2006-2007 and $22,962,600 in fiscal year 2007-2008 which is necessary to support and sustain the increased number of court-committed children in the care of the Cabinet.

(3) Criminal Background Investigation Fee Establishment: The Secretary of the Cabinet for Health and Family Services may promulgate administrative regulations necessary to prescribe criminal background investigation fee amounts which are reflected in the Restricted Funds appropriation above.

(4) Department for Community Based Services Modernization: Savings generated through efficiencies achieved from the modernization and streamlining of the Department for Community Based Services shall be redirected to other areas within the Department for Community Based Services to enhance adult protection services and family based services, to accommodate increased numbers of children in care, and to offset reductions in available federal funding.

(5) Protection and Permanency Staff Technology Improvements: Included in the above appropriation is $1,008,300 in General Fund support and $291,700 in Federal Funds in each fiscal year to provide technology improvements for each Adult Protection and Child Protection Services staff, including but not limited to new laptop or desktop computers. In addition, included in the above appropriation is $244,900 in General Fund support and $31,500 in Federal Funds in fiscal year 2006-2007 to provide digital cameras

for each Adult Protection and Child Protection Services staff and a printer for each investigative team in each local office to assist in documenting abuse investigations.

(6) Foster Parent and Adoption Assistance Rate Increases: Included in the above appropriation to increase Foster Parent and Adoption Assistance daily reimbursement rates beginning on July 1, 2007, is $4,844,500 in General Fund moneys and $3,989,300 in Federal Funds for $3 per day in fiscal year 2007-2008.

(7) Private Child Care Provider Rate Increases: Included in the above appropriation to increase Private Child Care Provider reimbursement rates beginning on July 1, 2007, is $2,883,700 in General Fund moneys and $544,800 in Federal Funds for an additional $3 per day in fiscal year 2007-2008.

(8) Performance Incentives for Hard-to-Place Youth: Included in the above appropriation is $961,200 in General Fund moneys and $181,600 in Federal Funds in fiscal year 2007-2008 to create a pool to serve hard-to-place youth by providing performance incentives to private child care providers beginning on July 1, 2007.

(9) Foster Youth Transitional Assistance: Included in the above General Fund appropriation is $1,000,000 in each fiscal year to provide assistance grants or vouchers to current or former foster youth ages 18 through 23. The maximum total of grants or vouchers per youth shall be $7,500 in any one fiscal year for working youth. Youth may be eligible for an additional grant totaling $2,500 per year while attending a community college or four year college or university. Grants or vouchers from this program shall be utilized by the youth for transitional assistance into independence, including but not limited to housing, clothing, transportation, tuition, medical and dental services, and other expenses for the youth for the transition that the cabinet authorizes. The Cabinet for Health and Family Services shall promulgate administrative regulations, in accordance with KRS Chapter 13A, to implement this program no later than October 1, 2006. ~~[Notwithstanding KRS 45.229, any General Fund moneys for this purpose unexpended in~~

~~fiscal year 2006-2007 shall not lapse but shall carry forward into fiscal year 2007-2008 for the same purpose.]~~ *(Veto #12)*

(10) Home of the Innocents: Included in the above General Fund appropriation is $385,000 in fiscal year 2007-2008 for debt service to support new bonds for a matching grant to Home of the Innocents for Phase II of the Childrens' Village as set forth in Part II, Capital Projects Budget, of this Act. Up to $8,250,000 in funds generated by Home of the Innocents from other public and private sources shall be matched by the Commonwealth.

~~[**(11) Brooklawn Child and Family Services:** Included in the above General Fund appropriation is $96,000 in fiscal year 2007-2008 for debt service to support new bonds for the Brooklawn Child and Family Services project as set forth in Part II, Capital Projects Budget, of this Act.]~~ *(Veto #4)*

TOTAL - CABINET FOR HEALTH AND FAMILY SERVICES

	2005-06	2006-07	2007-08
General Fund (Tobacco)	-0-	22,183,400	23,393,500
General Fund	85,300,000	1,698,732,600	1,777,534,400
Restricted Funds	5,571,900	829,515,600	840,161,600
Federal Funds	244,314,200	4,005,325,100	4,119,198,300
TOTAL	335,186,100	6,555,756,700	6,760,287,800

I. JUSTICE AND PUBLIC SAFETY CABINET

Budget Units

1. JUSTICE ADMINISTRATION

	2006-07	2007-08
General Fund (Tobacco)	1,816,800	1,923,400
General Fund	13,796,700	13,946,400
Restricted Funds	3,340,100	3,840,100
Federal Funds	9,666,100	9,142,700

TOTAL	28,619,700	28,852,600

(1) Office of Drug Control Policy: Included in the above Restricted Funds appropriation is $1,300,000 in fiscal year 2006-2007 and $1,800,000 in fiscal year 2007-2008 for regional Drug Courts in Kentucky's coal-producing counties.

(2) Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is $1,816,800 in fiscal year 2006-2007 and $1,923,400 in fiscal year 2007-2008 for the Office of Drug Control Policy.

(3) Civil Legal Services for Indigents: Included in the above General Fund appropriation is $1,500,000 in fiscal year 2006-2007 and $1,500,000 in fiscal year 2007-2008 to provide free legal services for indigents.

(4) Operation Unite: Included in the above Restricted Funds appropriation is $1,250,000 in each year of the biennium for Operation Unite.

(5) Multijurisdictional Drug Task Forces: Included in the above General Fund appropriation is $1,000,000 in each fiscal year to be administered by the Office of Drug Control Policy for the purpose of maintaining existing multijurisdictional drug task forces and allowing for expansion to under served and unserved areas to assist local and state law enforcement agencies in a proactive effort to combat drugs and crime.

2. CRIMINAL JUSTICE TRAINING

	2005-06	**2006-07**	**2007-08**
Restricted Funds	602,000	46,367,300	46,744,800
Federal Funds	-0-	1,873,500	1,886,300
TOTAL	602,000	48,240,800	48,631,100

(1) Kentucky Law Enforcement Foundation Program Fund: Included in the above Restricted Funds appropriation is $44,732,300 in fiscal year 2006-2007 and $45,105,000 in fiscal year 2007-2008 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 2006-2007 and $3,100 in fiscal year 2007-2008 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.

3. JUVENILE JUSTICE

	2006-07	**2007-08**
General Fund	84,005,900	85,724,900
Restricted Funds	12,200,000	12,200,000
Federal Funds	14,720,000	14,420,000
TOTAL	110,925,900	112,344,900

(1) Mary Kendall Homes: Included in the above General Fund appropriation is $350,000 in fiscal year 2006-2007 and $350,000 in fiscal year 2007-2008 for the support of the Mary Kendall Homes.

(2) Madison County Juvenile Detention Facility: The Madison County juvenile detention facility may remain open to hold juveniles from Madison County, and the county shall receive the detention subsidy provided for in KRS 635.060(3).

4. STATE POLICE

	2005-06	**2006-07**	**2007-08**
General Fund	1,301,200	69,645,800	80,305,900
Restricted Funds	-0-	16,713,900	13,543,600
Federal Funds	-0-	13,444,700	13,444,700

Road Fund	-0-	50,000,000	50,000,000
TOTAL	1,301,200	149,804,400	157,294,200

(1) Call to Extraordinary Duty: There is appropriated from the General Fund to the Department of 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 Authorized Strength: The Kentucky State Police sworn officer authorized strength is 1,070.

(3) State Police 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, and legislative security specialists.

(4) Restricted Funds Uses: Notwithstanding KRS 42.320(2)(h), 189A.050(3)(a), and 237.110(15), funds are included in the above Restricted Funds appropriation to maintain the operations and administration of the Kentucky State Police.

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

(6) Statewide Mobile Data Infrastructure: Included in the above General Fund appropriation is $1,000,000 in each fiscal year for the upkeep and maintenance of the statewide mobile data infrastructure. The Justice and Public Safety Cabinet shall allow any local or state first responding agency to use the system provided it complies with all applicable state standards for the system's uses. The Justice and Public Safety Cabinet shall not charge any first responding agency for using the system, maintenance, or any other fee related to connections, infrastructure upkeep, or maintenance

5. CORRECTIONS

a. Corrections Management

	2006-07	2007-08
General Fund	7,253,600	7,119,700
Restricted Funds	15,693,100	15,843,700
TOTAL	22,946,700	22,963,400

(1) Debt Service: Included in the above General Fund appropriation is $82,000 in fiscal year 2007-2008 to provide 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 2006-2007 and fiscal year 2007-2008. Only adjustments necessary to manage the diverse mix of inmate classifications, custody levels, probation and parole caseloads, and population increases and/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.

b. Adult Correctional Institutions

	2006-07	**2007-08**
General Fund	232,200,900	239,190,200
Restricted Funds	5,435,200	5,435,200
Federal Funds	1,706,600	1,706,600
TOTAL	239,342,700	246,332,000

(1) Education Programs at Department of Corrections Facilities: The Kentucky Community and Technical College System (KCTCS) shall provide adult basic education classes for the Department of Corrections which are aimed toward acquiring a general educational diploma (GED) and various technical trades aimed toward providing students with certifications and/or diplomas upon completion of qualifying examinations.

c. Community Services and Local Facilities

	2006-07	**2007-08**
General Fund	114,496,600	130,140,300
Restricted Funds	4,369,000	1,869,000
Federal Funds	75,000	75,000
TOTAL	118,940,600	132,084,300

(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 2006-2007 and fiscal year 2007-2008, 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 $4,000,000 in fiscal year 2006-2007 and $1,500,000 in fiscal year 2007-2008 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) Local Jail Per Diem Increase: Included in the above General Fund appropriation is $1,000,000 in each fiscal year to provide an increase of the per diem rate paid to counties for housing state inmates.

(4) Intensive Secured Substance Abuse Recovery Program: Funds provided for local jail per diem payments and for halfway house payments may also be used for the establishment and operation of an intensive secured substance abuse recovery program for substance abusers who have been charged with a felony offense. In the event that actual local jail per diem payments or the halfway house payments exceed the amounts provided to support the budgeted average daily population of state felons in county jails or in halfway houses for fiscal year 2006-2007 and fiscal year 2007-2008, 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.

d. Local Jail Support

	2006-07	2007-08
General Fund	16,236,100	16,236,100

(1) Inmate Medical Care Expenses: Included in the above General Fund appropriation is $931,100 in fiscal year 2006-2007 and $931,100 in fiscal year 2007-2008 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 2006-2007 and $295,900 in fiscal year 2007-2008, 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) Local Jail Support: Included in the above General Fund appropriation is $960,000 in each 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

	2006-07	2007-08
General Fund	370,187,200	392,686,300
Restricted Funds	25,497,300	23,147,900
Federal Funds	1,781,600	1,781,600
TOTAL	397,466,100	417,615,800

6. VEHICLE ENFORCEMENT

	2006-07	2007-08
Restricted Funds	1,666,300	1,043,500
Federal Funds	5,162,400	5,162,200

Road Fund	13,974,900	13,881,500
TOTAL	20,803,600	20,087,200

(1) Vehicle Enforcement Officers' Training Incentive: Included in the above Restricted Funds appropriation is sufficient funding to provide a $3,100 annual training incentive stipend for vehicle enforcement officers.

7. PUBLIC ADVOCACY

	2006-07	**2007-08**
General Fund	29,770,700	31,886,400
Restricted Funds	6,815,500	4,455,800
Federal Funds	1,618,300	1,663,100
TOTAL	38,204,500	38,005,300

(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 to convert those hours to sick leave.

TOTAL - JUSTICE AND PUBLIC SAFETY CABINET

	2005-06	**2006-07**	**2007-08**
General Fund (Tobacco)	-0-	1,816,800	1,923,400
General Fund	1,301,200	567,406,300	604,549,900
Restricted Funds	602,000	112,600,400	104,975,700
Federal Funds	-0-	48,266,600	47,500,600
Road Fund	-0-	63,974,900	63,881,500
TOTAL	1,903,200	794,065,000	822,831,100

J. PERSONNEL CABINET

1. GENERAL OPERATIONS

	2006-07	**2007-08**

General Fund	1,805,600	932,200
Restricted Funds	19,569,900	20,785,200
TOTAL	21,375,500	21,717,400

(1) Flexible Benefit Account: Notwithstanding KRS 18A.225(2)(g), any funds from the calendar year 2005 and calendar year 2006 public employee health insurance program accruing to the Flexible Benefit Account, not otherwise appropriated in fiscal year 2006-2007 and in fiscal year 2007-2008, and in excess of the amount reflected in Part V, Funds Transfer, of this Act shall be credited to the General Fund Surplus Account.

(2) Public Employees Self-Insured Health Insurance Premiums: Beginning with the employer premium due for coverage effective July 1, 2006, under the Public Employees Self-Insured Health Insurance Program, the employer rate shall be reduced by 12 percent for the balance of Plan Year 2006. For Plan Year 2007, the increase in employer and employee premiums for coverage under the Public Employees Self-Insured Health Insurance Program shall not exceed 10.4 percent for the Essential Plan and 9 percent for the Enhanced and Premier Plan over the Plan Year 2006 rates as adjusted by this Act.

2. PUBLIC EMPLOYEES DEFERRED COMPENSATION AUTHORITY

	2006-07	**2007-08**
Restricted Funds	6,009,200	6,172,400

3. WORKERS' COMPENSATION BENEFITS AND RESERVE

	2006-07	**2007-08**
Restricted Funds	24,798,500	26,204,400

4. STATE SALARY AND COMPENSATION FUND

	2006-07	**2007-08**
General Fund	8,000,000	24,000,000

(1) Employee Compensation: The above General Fund appropriation provides a pool of funds to be allocated in accordance with the procedures contained in Part IV, State Salary/Compensation and Employment Policy, of this Act. Included in the above $8,000,000 General Fund appropriation in fiscal year 2006-2007 is $3,842,500 which shall not be allocated, transferred, or expended and shall continue into fiscal year 2007-2008 and shall only be expended in that fiscal year for this same purpose.

5. STATE GROUP HEALTH INSURANCE FUND

	2006-07	2007-08
General Fund	2,476,000	2,476,000

(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

	2006-07	2007-08
General Fund	12,281,600	27,408,200
Restricted Funds	50,377,600	53,162,000
TOTAL	62,659,200	80,570,200

K. POSTSECONDARY EDUCATION

Budget Units

1. COUNCIL ON POSTSECONDARY EDUCATION

	2006-07	2007-08
General Fund (Tobacco)	4,431,200	4,691,200
General Fund	56,931,200	95,120,700
Restricted Funds	6,610,700	6,527,900

Federal Funds	19,099,400	19,099,400
TOTAL	87,072,500	125,439,200

[~~**(1) Debt Service:** Included in the above General Fund appropriation is $27,442,000 in fiscal year 2007-2008 for debt service to support new bonds for capital projects at the colleges and universities as set forth in Part II, Capital Projects Budget, of this Act.~~

~~**(2) Debt Service:** Included in the above General Fund appropriation is $551,000 in fiscal year 2007-2008 for debt service to support new bonds for Research Support - Lab Renovation, Fit-up and Equipment at the University of Kentucky and the University of Louisville.~~

~~**(3) Debt Service:** Included in the above General Fund appropriation is $917,000 in fiscal year 2007-2008 for debt service to support new bonds for Information Technology and Equipment Acquisitions.~~] *(Veto #4)*

(4) Carry Forward of General Fund Appropriation Balance: Notwithstanding KRS 45.229, the General Fund appropriation in fiscal year 2005-2006 and fiscal year 2006-2007 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 2005-2006 and fiscal year 2006-2007 to the Science and Technology Funding Program shall not lapse and shall carry forward.

(5) Strategic Investment and Incentive Trust Funds Interest Income: Notwithstanding KRS 164.7911, 164.7913, 164.7915, 164.7917, 164.7919, 164.7921, 164.7923, 164.7925, and 164.7927, interest earnings in the amount of $393,900 in fiscal year 2006-2007 and $393,900 in fiscal year 2007-2008 shall be transferred from Strategic Investment and Incentive Trust Fund accounts included under these statutes to Agency Revenue accounts within the Council on Postsecondary Education budget unit in the following amounts and for the following specified purposes: $105,500 in each year of the

biennium for the Minority Student College Preparation Program; $188,400 in each year of the biennium for the Southern Regional Board Doctoral Scholars Program; and $100,000 in each year of the biennium for the P-16 Council/Early Math Testing Programs.

(6) 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.

[~~**(7) Kentucky Science and Technology Corporation:** Notwithstanding KRS 164.6017(2), the Kentucky Science and Technology Corporation shall administer the Rural Innovation, the Research and Development, and the Commercialization Funds.~~]*(Veto #13)*

(8) Ovarian Cancer: Notwithstanding KRS 164.476, General Fund (Tobacco) dollars 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.

(9) Regional Stewardship Funding Program: Included in the above General Fund appropriation is $1,200,000 in fiscal year 2006-2007 and $3,600,000 in fiscal year 2007-2008 for the Regional Stewardship Funding Program. The funds will be allocated among the six public comprehensive universities~~[in equal amounts of $800,000 per institution]~~. *(Veto #14)* Funds will be used for Regional Stewardship priorities related to collaboration with public elementary and secondary schools and regional economic development initiatives. Allocated funds will be distributed upon submission and approval of a strategic plan which determines stewardship priorities. Each institution shall submit a strategic plan for stewardship activities in priority areas. to the Council on Postsecondary Education by close of business January 1, 2007. Within 30 days of receipt

of the proposals, the Council on Postsecondary Education shall advise the institutions of any non-compliance or non-conformity and shall work with the institution to help them qualify for the grant.~~[Once distributed, these funds will become recurring to the institutions.]~~ *(Veto #14)* Each institution shall submit an annual report to the Council on Postsecondary Education and to Interim Joint Appropriations and Revenue Committee by September 1 of each year. The report should include descriptions of stewardship initiatives implemented, use of funds for each initiative, and outcomes of the initiatives.

(10) Postsecondary Education Debt: Notwithstanding KRS 45.750 to 45.810, in order to lower the cost of borrowing, any university that has heretofore 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 make debt obligations issued by university pursuant to this authorization shall be subject to interception of state appropriated funds pursuant to KRS 164A.608.

(11) Postsecondary Education Employment Status: Notwithstanding KRS 164.225, 164.360, and 164.830, the appointment of a relative to the governing board of a public postsecondary education institution, as defined in KRS 164.001, shall not affect the employment status of any related person employed at least 36 months prior to the appointment of the relative.

2. KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

	2006-07	**2007-08**
General Fund (Tobacco)	800,000	900,000
General Fund	164,624,300	174,304,900
Restricted Funds	39,044,500	36,219,300
Federal Funds	1,726,000	1,726,000

TOTAL	206,194,800	213,150,200

(1) College Access Program: Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is $58,427,800 in fiscal year 2006-2007 and $60,462,000 in fiscal year 2007-2008 for the College Access Program.

(2) Kentucky Tuition Grant Program: Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is $30,270,100 in fiscal year 2006-2007 and $32,476,200 in fiscal year 2007-2008 for the Kentucky Tuition Grant Program. ~~[All grants shall be awarded pursuant to KRS 164.785, and the applicant must be accepted by or enrolled as a full-time student at a Kentucky independent college or university which is accredited by the Southern Association of Colleges and Schools.]~~*(Veto #15)*

(3) Teacher Scholarship Program: Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is $1,777,100 in fiscal year 2006-2007 and $1,777,100 in fiscal year 2007-2008 for the Teacher Scholarship Program.

(4) Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is $800,000 in fiscal year 2006-2007 and $900,000 in fiscal year 2007-2008 for Early Childhood Scholarships.

(5) Kentucky National Guard Tuition Assistance Program: Included in the above Restricted Funds appropriation is $4,500,000 in fiscal year 2006-2007 and $5,220,000 in fiscal year 2007-2008 for the Kentucky National Guard Tuition Assistance Program.

(6) Kentucky Education Excellence Scholarships (KEES): Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is $73,125,000 in fiscal year 2006-2007 and $77,565,300 in fiscal year 2007-2008 for the Kentucky Educational Excellence Scholarships (KEES). Included in the above Restricted Funds appropriation for KEES is $14,909,100 in fiscal year 2006-2007 and $11,345,800 in fiscal year 2007-2008.

(7) Pharmacy Scholarship Program: Included in the above General Fund appropriation is $1,000,000 in fiscal year 2007-2008 for the Pharmacy Scholarship Program as set forth in Part XXIV, Pharmacy Scholarship Program, of this Act.

~~[**(8) Transactions Involving Property and Assets:** Notwithstanding any statute to the contrary, the Kentucky Higher Education Assistance Authority and the Higher Education Student Loan Corporation either jointly or separately, shall obtain authorization from the General Assembly prior to entering into any agreement, transaction, or series of agreements which would result in the transfer of ownership or ultimate managerial decision-making authority regarding the control and investment performance of its property and assets. Nothing contained herein shall prohibit the Kentucky Higher Education Assistance Authority and the Higher Education Student Loan Corporation, either jointly or separately, from, in the usual and regular course of business, pledging or assigning their revenues and assets to: improve financial positions, secure obligations, satisfy pledge or trust agreements, or comply with an order of a court of competent jurisdiction.]~~ *(Veto #16)*

3. EASTERN KENTUCKY UNIVERSITY

	2006-07	**2007-08**
General Fund	77,924,000	80,230,200
Restricted Funds	139,565,300	144,065,300
Federal Funds	57,172,800	57,172,800
TOTAL	274,662,100	281,468,300

(1) Debt Service: Included in the above General Fund appropriation is $3,030,200 in fiscal year 2006-2007 and $468,800 in fiscal year 2007-2008 for debt service for previously issued bonds.

(2) Community Operations Board: Included in the above General Fund appropriation is $200,000 in fiscal year 2006-2007 and $200,000 in fiscal year 2007-2008 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 Building, Phase II shall be governed by the Community Operations Board. The Community Operations Board shall consist of 13 members to be appointed as follows: Six by the President of Eastern Kentucky University, four by the Madison County judge/executive, two by the mayor of the City of Richmond, and one by the mayor of the City of Berea. Three of the members appointed by the President of Eastern Kentucky University will serve two year terms and three will serve a one year term. Two of the members appointed by the Madison County judge/executive will serve two year terms and two will serve a one year term. One member appointed by the mayor of the City of Richmond will serve a two year term and one will serve a one year term. The member appointed by the mayor of the City of Berea will serve a two year term. Members of the board will serve without compensation and will not be reimbursed for expenses incurred in performance of their duties. At the first meeting of the fiscal year, the board shall elect a chairman and a vice chairman. The board will establish policies and procedures for board operations and for facility use.~~[The board will make all decisions regarding use of the Business/Technology Building, Phase II including the conferencing and community areas and the performing arts center and will make all decisions regarding personnel and programmatic operations of the conferencing and community areas and the performing arts center.]~~ *(Veto #17)* 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

	2006-07	**2007-08**
General Fund	27,500,700	28,349,000
Restricted Funds	23,375,700	23,375,700
Federal Funds	14,296,000	14,296,000

TOTAL	65,172,400	66,020,700

(1) Debt Service: Included in the above General Fund appropriation is $892,200 in fiscal year 2006-2007 and $907,300 in fiscal year 2007-2008 for debt service for previously issued bonds.

(2) Blazer Library: Included in the above General Fund appropriation is $500,000 in fiscal year 2006-2007 and $500,000 in fiscal year 2007-2008 to purchase books and periodicals for Blazer Library.

5. MOREHEAD STATE UNIVERSITY

	2006-07	**2007-08**
General Fund	45,462,600	48,697,600
Restricted Funds	62,467,400	62,754,000
Federal Funds	51,201,000	50,897,700
TOTAL	159,131,000	162,349,300

(1) Debt Service: Included in the above General Fund appropriation is $1,409,500 in fiscal year 2006-2007 and $495,500 in fiscal year 2007-2008 for debt service for previously issued bonds.

6. MURRAY STATE UNIVERSITY

	2006-07	**2007-08**
General Fund	55,278,600	56,068,700
Restricted Funds	74,587,600	79,864,500
Federal Funds	14,886,900	14,886,900
TOTAL	144,753,100	150,820,100

(1) Debt Service: Included in the above General Fund appropriation is $1,909,100 in fiscal year 2006-2007 for debt service for previously issued bonds.

7. NORTHERN KENTUCKY UNIVERSITY

	2006-07	**2007-08**
General Fund	53,876,000	55,330,000

Restricted Funds	112,204,400	118,886,200
Federal Funds	14,331,400	14,331,400
TOTAL	180,411,800	188,547,600

(1) Debt Service: Included in the above General Fund appropriation is $5,013,300 in fiscal year 2006-2007 and $230,500 in fiscal year 2007-2008 for debt service for previously issued bonds.

(2) Center for Mathematics: Included in the above General Fund appropriation is $1,000,000 in fiscal year 2006-2007 and $1,500,000 in fiscal year 2007-2008 for the Center for Mathematics.

8. UNIVERSITY OF KENTUCKY

	2006-07	**2007-08**
General Fund	318,567,900	335,016,500
Restricted Funds	1,238,551,300	1,298,377,600
Federal Funds	171,613,900	177,404,300
TOTAL	1,728,733,100	1,810,798,400

(1) Debt Service: Included in the above General Fund appropriation is $5,867,700 in fiscal year 2006-2007 and $1,546,600 in fiscal year 2007-2008 for debt service for previously issued bonds for the University of Kentucky and $754,900 in fiscal year 2006-2007 and $398,900 in fiscal year 2007-2008 for debt service for previously issued bonds for Lexington Community College.

(2) Adolescent Medicine and Young Parent Programs and Rape Crisis Center: Included in the above General Fund appropriation is $150,000 in fiscal year 2006-2007 and $150,000 in fiscal year 2007-2008 for the Adolescent Medicine and Young Parent Programs and the Rape Crisis Center.

(3) Cooperative Extension Agents: The University of Kentucky is[~~encouraged~~] *(Veto #18)* to provide funding in fiscal year 2006-2007 and fiscal year 2007-2008 to the Cooperative Extension Service to support the County Extension

Enhancement Initiative. This initiative provides salary adjustments for County Extension Agents. These adjustments are in addition to any other salary adjustments which may be made.

(4) Lexington Arboretum: The University of Kentucky is encouraged to provide funding in fiscal year 2007-2008 for the arboretum.

(5) Bath County Cooperative Extension: The University of Kentucky is encouraged to provide funding in fiscal year 2007-2008 for the Bath County Cooperative Extension Education and Marketing Center.

(6) Greenup County Cooperative Extension: The University of Kentucky is encouraged to provide funding in fiscal year 2007-2008 for the Arts and Music program offered through the Greenup County Extension Service.

(7) Center for Research on Violence Against Women: Included in the above General Fund appropriation is $150,000 in fiscal year 2006-2007 and $150,000 in fiscal year 2007-2008 for the Center for Research on Violence Against Women.

(8) Kentucky Geological Survey: Included in the above General Fund appropriation is $250,000 in fiscal year 2007-2008 from the General Fund portion of the Natural Gas Severance Tax after the statutory distribution required by KRS 42.450(2), and included in the above Restricted Funds appropriation is $250,000 in fiscal year 2007-2008 from the Local Government Economic Development Fund, Multi-County Fund, for the Kentucky Geological Survey.

(9) West Liberty Technical Center: The University of Kentucky is encouraged to provide funding in fiscal year 2007-2008 for maintenance and operations of the West Liberty Technical Center.

9. UNIVERSITY OF LOUISVILLE

	2006-07	**2007-08**
General Fund	187,484,800	191,346,100
Restricted Funds	445,336,100	502,019,800

Federal Funds	136,481,300	156,953,600
TOTAL	769,302,200	850,319,500

(1) Debt Service: Included in the above General Fund appropriation is $10,951,200 in fiscal year 2006-2007 and $3,791,500 in fiscal year 2007-2008 for debt service for previously issued bonds.

(2) Quality and Charity Care Trust Agreement: Included in the above General Fund appropriation is $18,408,100 in fiscal year 2006-2007 and $18,982,300 in fiscal year 2007-2008 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 2006-2007 shall not lapse.

(3) Saturday Academy Program: The University of Louisville is encouraged to provide funding for the Saturday Academy Program.

(4) Louisville Signature Partnership Program: The University of Louisville is encouraged to provide funding for the Louisville Signature Partnership Program.

(5) Equine Industry Program: Included in the above General Fund appropriation is $300,000 in fiscal year 2006-2007 and $300,000 in fiscal year 2007-2008 for the Equine Industry Program.

10. WESTERN KENTUCKY UNIVERSITY

	2006-07	**2007-08**
General Fund	80,224,200	86,396,200
Restricted Funds	175,046,300	183,059,600
Federal Funds	40,428,600	42,390,300
TOTAL	295,699,100	311,846,100

(1) Debt Service: Included in the above General Fund appropriation is $3,171,000 in fiscal year 2006-2007 and $1,280,600 in fiscal year 2007-2008 for debt service for previously issued bonds.

(2) Kentucky Academy of Math and Science: Included in the General Fund appropriation is $500,000 in fiscal year 2006-2007 and $2,800,000 in fiscal year 2007-2008 for operating costs of the Kentucky Academy of Math and Science.

11. KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM

	2006-07	**2007-08**
General Fund	212,926,800	226,331,100
Restricted Funds	273,623,700	292,823,500
Federal Funds	144,916,100	153,070,400
TOTAL	631,466,600	672,225,000

(1) Firefighters Foundation Program Fund: Included in the above Restricted Funds appropriation is $28,330,500 in fiscal year 2006-2007 and $29,351,800 in fiscal year 2007-2008 for the Firefighters Foundation Program Fund. Notwithstanding KRS 95A.250(1), or the provisions of any other law, supplemental payments for each qualified professional firefighter under the Firefighters Foundation Program Fund shall be $3,100 in fiscal year 2006-2007 and $3,100 in fiscal year 2007-2008. Notwithstanding KRS 95A.200 to 95A.300, $1,000,000 in fiscal year 2006-2007 and $1,000,000 in fiscal year 2007-2008 from the Firefighters Foundation Program Fund is authorized to be expended on firefighter training, equipment, and support activities. Notwithstanding KRS 95A.200 to 95A.300, an additional $750,000 in fiscal year 2006-2007 and $1,000,000 in fiscal year 2007-2008 from the Firefighters Foundation Program Fund is authorized to be spent on a comprehensive physical aptitude test program for firefighters.

(2) Firefighters Training Center Fund: Notwithstanding KRS 95A.200 to 95A.265, $500,000 in Restricted Funds is provided each fiscal year of the 2006-2008 fiscal biennium for the Firefighters Training Center Fund.

(3) Health Care Coverage: Included in the above General Fund appropriation is $1,000,000 in fiscal year 2007-2008 for health care coverage for selected Kentucky Community and Technical College System employees. The University of Kentucky may

recover up to $1,000,000 in fiscal year 2007-2008 from the Kentucky Community and Technical College System for additional costs associated with providing health insurance coverage to those KCTCS employees who remain in the UK personnel system. Such recovery is allowed only to the extent that UK can provide documented proof that the cost of providing health insurance coverage for those KCTCS employees exceeds collected premiums minus deductions for discounts and rebates.

(4) Salary Increases: It is the intent of General Assembly that employees of KCTCS who are in the UK 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 UK personnel system by offsetting the money paid to UK 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 UK personnel system which were based upon reimbursing UK for the cost of providing health insurance.

(5) Family Life Skills Center: The Kentucky Community and Technical College System is encouraged to provide funds for the Family Life Skills Center at Hazard Community and Technical College - Lees College Campus.

[~~**(6) Conveyance of Property:** Notwithstanding KRS 164A.575 or KRS Chapter 45A, the Kentucky Community and Technical College System may convey fee simple title to certain of its real property located within the City of Covington, Kentucky, to the Gateway Community and Technical College Foundation, a Kentucky not-for-profit corporation, for future consideration as determined reasonable by the President of the Kentucky Community and Technical College System who is hereby authorized to~~

~~execute all necessary documents and to take all necessary action to complete the foregoing conveyance.]~~ *(Veto #19)*

(7) Education Programs at Department of Corrections Facilities: Included in the above General Fund appropriation is $5,800,000 in fiscal year 2006-2007 and $5,800,000 in fiscal year 2007-2008 for education programs at Department of Corrections Facilities. The Kentucky Community and Technical College System (KCTCS) shall continue to be the provider of educational services to the Department of Corrections (DOC). These services include adult basic education classes aimed toward acquiring a general education diploma (GED) and various technical trades aimed toward providing students with certifications and/or diplomas upon completing qualified examinations. The faculty and related staff shall remain employees of KCTCS. KCTCS shall determine curriculum which will facilitate transferability of credits to all Kentucky public postsecondary institutions. KCTCS faculty and related staff shall abide by all rules and regulations of the DOC to ensure that DOC's accreditation requirements and rehabilitation goals are met.

(8) Maintenance and Operations of New Facilities: Included in the above General Fund appropriation is $267,800 in fiscal year 2006-2007 for maintenance and operation of new facilities coming on-line.

(9) North American Racing Academy: Included in the above General Fund appropriation is $300,000 in fiscal year 2006-2007 for personnel to develop the North American Racing Academy.

TOTAL - POSTSECONDARY EDUCATION

	2006-07	**2007-08**
General Fund (Tobacco)	5,231,200	5,591,200
General Fund	1,280,801,100	1,377,191,000
Restricted Funds	2,590,413,000	2,747,973,400
Federal Funds	666,153,400	702,228,800

TOTAL	4,542,598,700	4,832,984,400

L. TRANSPORTATION CABINET

Budget Units

1. GENERAL ADMINISTRATION AND SUPPORT

	2006-07	**2007-08**
Restricted Funds	26,000	26,000
Road Fund	69,217,100	70,072,400
TOTAL	69,243,100	70,098,400

(1) Biennial Highway Construction Programs: The Secretary of Transportation is directed to produce a single document that contains two separately identified sections, as follows:

Section 1 shall detail the enacted fiscal biennium 2006-2008 Biennial Highway Construction Program and Section 2 shall detail the Highway Preconstruction Program Plan for fiscal year 2006-2007 through fiscal year 2011-2012 as identified by the 2006 General Assembly. This document shall mirror in data type and format the fiscal year 2004-2010 Recommended Six-Year Highway Plan as submitted to the 2004 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 2006 Regular Session of the General Assembly.

No executive authority shall expend, or otherwise commit in any manner, available fiscal biennium 2006-2008 Road Fund resources for a project designated as a State Project in the fiscal year 2006-2007 through fiscal year 2011-2012 Highway Preconstruction Program Plan. In the event that federally funded projects contained in the enacted fiscal biennium 2006-2008 Biennial Highway Construction Program are delayed due to unforeseen circumstances, or if additional federal funds are received in excess of the amounts contemplated in this Act, the Transportation Cabinet may advance projects

from the Highway Preconstruction Program Plan only to the extent required to assure that the Commonwealth makes full use of all available federal funds.

The Secretary of the Transportation Cabinet is further directed to report quarterly to the Interim Joint Committee on Appropriations and Revenue and the Interim Joint Committee on Transportation all activity, as prescribed by KRS 176.430, relating to all projects with open activity conducted by the Transportation Cabinet during the biennium including the year each project phase was enacted in a Six-Year Highway Plan. Pursuant to KRS 48.800(5), the Transportation Cabinet shall submit the electronic quarterly report in a format prescribed by the Legislative Research Commission.

Notwithstanding KRS 176.440(2), any project additions or modifications that the 2006 General Assembly may make to the fiscal year 2006-2012 Recommended Six-Year Road Plan shall carry the same force of law as projects that were included in the fiscal year 2006-2012 Recommended Six-Year Road Plan as submitted by the Executive Branch.

(2) Debt Service: Included in the above Road Fund appropriation is $7,297,800 in fiscal year 2006-2007 and $7,292,500 in fiscal year 2007-2008 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 Environmental and Public Protection 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.

2. AVIATION

	2006-07	**2007-08**
Restricted Funds	197,000	172,000
Federal Funds	15,000	15,000
Road Fund	4,000,000	4,000,000
TOTAL	4,212,000	4,187,000

(1) Operational Costs: Notwithstanding KRS 183.525(5), the above Restricted Funds appropriation includes operational costs of the program in each fiscal year.

(2) Aviation Projects: The Transportation Cabinet, Aviation Development Program shall prioritize~~[and fund]~~ *(Veto #20)* the following airport projects from appropriated Road Fund resources~~[in the designated fiscal year]~~ *(Veto #20)* as included in the 2006-2012 Six Year Aviation Plan:

(a)	Bardstown-Nelson County Airport	$1,200,000
(b)	Cynthiana-Harrison County Airport	$500,000
(c)	Fleming-Mason Airport	$2,000,000
(d)	Muhlenberg County Airport	$1,000,000
(e)	Ohio County Airport	$1,000,000
(f)	Big Sandy Regional Airport	$2,500,000
(g)	Leitchfield-Grayson County Airport	$1,000,000
(h)	Madison Airport	$800,000
(i)	Lebanon-Springfield Airport	$1,000,000
(j)	Tompkinsville-Monroe County Airport	$1,000,000
(k)	Danville-Boyle County Airport	$2,000,000
(l)	Muhlenberg County Airport	$2,000,000
(m)	Henderson City County Airport	$1,000,000
(n)	Russell County Airport	$1,500,000
(o)	Powell County Airport	$1,000,000

(p)	Ohio County Airport	$1,500,000
(q)	Russellville-Logan County Airport	$2,000,000
(r)	Falmouth-Pendleton County Airport	$1,000,000

[~~**(3) Capital City Airport:** No appropriations for the Aviation budget unit or the Military Affairs budget unit shall be utilized for the purpose of studying, planning, or construction of additional runways for, or expansion of, the Capital City Airport.~~]*(Veto #21)*

(4) Use of Road Fund Resources: The Cabinet may utilize an amount not to exceed $10,000,000 of its annual Road Fund appropriations for the Department of Aviation, including but not limited to providing the above authorized financial aid to governmental units and local air boards for the development, construction, reconstruction, maintenance, and repair of airport runways, aprons, and taxiways at public airports and public use airports as defined in KRS 183.011(20) and (21).

(5) Aviation Plan Project Report: The Secretary of the Transportation Cabinet is directed to report quarterly to the Interim Joint Committee on Appropriations and Revenue and the Interim Joint Committee on Transportation all activity relating to all aviation projects with open activity conducted by the Transportation Cabinet during the biennium including the year each project phase was enacted in a Six Year Aviation Plan. The Transportation Cabinet shall submit the electronic quarterly report in a format prescribed by the Legislative Research Commission.

3. DEBT SERVICE

	2006-07	**2007-08**
Road Fund	162,710,200	181,143,200

(1) Toll Road Lease-Rental Payments: Included in the above Road Fund appropriation is $205,100 in fiscal year 2006-2007 and $80,000 in fiscal year 2007-2008 for toll road lease-rental payments.

(2) Toll Road Termination: The tolls on the Audubon Parkway and the Natcher Parkway shall be terminated during the first year of the biennium when the lease-rental payments on the toll roads are fully paid.

(3) Resource Recovery Road Lease-Rental Payments: Included in the above Road Fund appropriation is $90,000 in fiscal year 2006-2007 and $90,000 in fiscal year 2007-2008 for Resource Recovery Road lease-rental payments. The Secretary of the Transportation Cabinet shall use Road Fund resources to meet the lease-rental payments to the Kentucky Turnpike Authority for Resource Recovery Road projects in the amount certified by the Transportation Cabinet, pursuant to KRS 143.090. However, if Road Fund resources are not sufficient to meet lease-rental payments, the additional amount required to meet the obligation shall be transferred from the proceeds of the tax levied on the severance or processing of coal by KRS 143.020.

(4) Economic Development Road Lease-Rental Payments: Included in the above Road Fund appropriation is $146,119,100 in fiscal year 2006-2007 and $148,381,200 in fiscal year 2007-2008 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.

(5) Economic Development Road Bond Debt Service: Included in the above Road Fund appropriation is $16,296,000 in fiscal year 2006-2007 and $32,592,000 in fiscal year 2007-2008 for Economic Development Road lease-rental payments to the Turnpike Authority of Kentucky relating to projects financed by $350,000,000 in Economic Development Road Revenue Bonds hereby authorized by the General Assembly to be issued in fiscal year 2006-2007 for payment of the cost of the Economic Development Road Projects.

(6) 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.

(7) 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 2006-2008 fiscal biennium.

4. HIGHWAYS

	2005-06	**2006-07**	**2007-08**
Restricted Funds	-0-	361,842,500	72,686,700
Federal Funds	30,085,900	654,147,700	675,013,800
Road Fund	-0-	667,409,400	670,193,200
Highway Bonds	-0-	350,000,000	-0-
TOTAL	30,085,900	2,033,399,600	1,417,893,700

(1) Debt Service: Included in the above Federal Funds appropriation is $15,162,700 in fiscal year 2006-2007 and $15,126,700 in fiscal year 2007-2008 for debt service on Grant Anticipation Revenue Vehicle (GARVEE) Bonds appropriated for this purpose in 2005 Ky. Acts, ch. 173, Part I, L., 4., (16) (HB 267).

(2) New Grant Anticipation Revenue Vehicle (GARVEE) Debt Service: Included in the above Federal Funds appropriation is $34,963,000 in fiscal year 2006-2007 and $34,963,000 in fiscal year 2007-2008 for GARVEE Bonds debt service payments relating to projects financed by $290,000,000 in GARVEE Bonds hereby authorized by the General Assembly to be issued in fiscal year 2006-2007 for payment of the GARVEE Bond road projects.

(3) State Supported Construction Programs: Included in the above Road Fund appropriation is $306,587,500 in fiscal year 2006-2007 and $300,213,300 in fiscal year 2007-2008 for the State Supported Construction Program.

(4) State Resurfacing Program: Included in the State Supported Construction Program is $80,402,200 in fiscal year 2006-2007 and $87,320,000 in fiscal year 2007-2008 from the Road Fund for the State Resurfacing Program.

(5) Biennial Highway Construction Program: Included in the State Supported Construction Program is $188,445,300 in fiscal year 2006-2007 and $175,153,200 in fiscal year 2007-2008 from the Road Fund for state construction projects in the fiscal biennium 2006-2008 Biennial Highway Construction Program. Included in the above Road Fund appropriation is $2,500,000 in fiscal year 2006-2007 and $2,500,000 in fiscal year 2007-2008 to support the Kentucky Pride Fund created in KRS 224.43-505.

(6) Kentucky Pride Fund Program Report: The Environmental and Public Protection Cabinet shall provide to the Interim Joint Committee on Appropriations and Revenue and the Interim Joint Committee on Transportation a program and financial status report of all expenditures related to the Kentucky Pride Fund. The status report shall be provided to the Interim Joint Committee on Transportation no later than October 1 of each year.

(7) Highway Construction Contingency Account: Included in the State Supported Construction Program is $37,740,000 in fiscal year 2006-2007 and $37,740,000 in fiscal year 2007-2008 for the Highway Construction Contingency Account. Included in the above Road Fund appropriation is $2,500,000 in fiscal year 2006-2007 and $2,500,000 in fiscal year 2007-2008 to support the Kentucky Pride Fund created in KRS 224.43-505.

(8) 2006-2008 Biennial Highway Construction Plan: Projects in the enacted 2004-2006 Biennial Highway Construction Plan are authorized to continue their current authorization into the 2006-2008 fiscal biennium.

(9) Kentucky Transportation Center: Notwithstanding KRS 177.320(4), included in the above Road Fund appropriation is $290,000 in fiscal year 2006-2007 and $290,000 in fiscal year 2007-2008 for the Kentucky Transportation Center.

(10) New Highway Equipment Purchases: Notwithstanding KRS 48.710(3), Restricted Funds are appropriated in the amounts of $1,500,000 in fiscal year 2006-2007 and $1,500,000 in fiscal year 2007-2008 from the sale of surplus equipment to purchase new highway equipment.

(11) State Match Provisions: The Transportation Cabinet is authorized to utilize state construction moneys or Toll Credits to match federal highway moneys.

(12) Excess Debt Service/Lease-Rental Appropriations: Any Road Fund appropriations that are not needed to pay lease-rental payments to the Kentucky Turnpike Authority or debt service on the Transportation Cabinet office building shall be credited to the State Construction Account.

(13) Federal Aid Highway Funds: 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 fiscal biennium 2006-2008 Biennial Highway Construction Plan are funded. If additional federal moneys remain after these priorities are met, the Transportation Cabinet may select projects from the Four-Year Preconstruction Program.

(14) Demonstration Projects: The Transportation Cabinet is authorized to select up to ten design/build demonstration road related projects. Notwithstanding any conflicting provisions of KRS Chapters 45A, 176, and 177, for procurement purposes, the Transportation Cabinet shall utilize a qualifications-based bidding process within the context of the provisions of KRS Chapter 176. The Secretary of the Transportation Cabinet shall determine the nature and scope of each design/build project.

(15) 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 2006-2008 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.

(16) Biennial Highway Construction Program: In the event that federally funded projects contained in the enacted fiscal biennium 2006-2008 Biennial Highway Construction Program are delayed due to unforeseen circumstances, or if additional Federal Funds are received in excess of the amounts contemplated in this Act, the Transportation Cabinet may advance projects from the Highway Preconstruction Program Plan only to the extent required to ensure that the Commonwealth makes full use of all available Federal Funds.

(17) Programmatic Adjustments: The Secretary of the Transportation Cabinet is authorized to adjust the specific sums comprising the Highways appropriation programs enumerated above for the purposes of enhancing public safety, maximizing available Federal Funds, supporting economic development, and accelerating state construction projects.

(18) Grant Anticipation Revenue Vehicle (GARVEE) Bonds: Included in the above Restricted Funds appropriation is $290,000,000 in fiscal year 2006-2007 for GARVEE Bond Funds.

(19) Carry Forward of Appropriation Balances: Notwithstanding KRS 45.229, unexpended Road Fund, Federal Funds, and Restricted Funds appropriations in the Highways budget unit for the Construction program, the Maintenance program, and the Research program in fiscal year 2005-2006 and fiscal year 2006-2007 shall not lapse and shall carry forward.

(20) Road Fund Support for Aviation: The Cabinet may utilize an amount not to exceed $10,000,000 of its annual Road Fund appropriations for the Department of Aviation, including but not limited to providing financial aid to governmental units and local air boards for the development, construction, reconstruction, maintenance, and repair of airport runways, aprons, and taxiways at public airports and public use airports as defined in KRS 183.011(20) and (21), as identified in Part I, L.2., Aviation, of this Act.

(21) Paving and Rehabilitation: The Kentucky Transportation Cabinet is encouraged to provide grading and paving rehabilitation efforts on I-64 from Grayson to the West Virginia border at the level equal to that accomplished on I-64 in Bath County, Rowan County, and the remainder of Carter County.

(22) Interlocal Agreement: Any local government may be permitted to enter into a 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 actual 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 actual cost of the temporary repairs.

(23) Rest Area Closure: Notwithstanding KRS 177.240, the Transportation Cabinet may close the following five rest area sites:

(a) Hart County - One site located on I-65 southbound at milepost 55.1;

(b) Hardin County - Two sites located on I-65 northbound and southbound at milepost 81.0;

(c) Madison County - Two sites located on I-75 northbound and southbound at milepost 82.3.

(24) Pavement Management: The Secretary of the Transportation Cabinet may implement a Pavement Management Program to promote pavement preventive

maintenance and maintain a higher level of pavement quality between resurfacing cycles. The Transportation Cabinet may expend an amount not to exceed $8,000,000 for this purpose for the 2006-2008 biennium.

(25) Miscellaneous Road Fund Projects: The Transportation Cabinet may undertake the following miscellaneous road projects, using the suggested Road Fund allocations contained therein:

(a) Campbell County Street Reconstruction: Reconstruct Chateau Drive in Dayton, Kentucky, for $100,000 from the Highway Construction Contingency Account in fiscal year 2006-2007;

(b) Clark County Resurfacing: Resurface KY 15 from milepost 0 to 4.216 near Crow Ridge Road in Clark County for $280,000 from Road Fund resources in fiscal year 2006-2007;

(c) Fayette County Traffic Control Device: Add a left turn signal to both sides of the traffic control signal at the intersection of Russell Cave Road and Asbury Lane in Lexington, Fayette County, Kentucky before November 2006, to be paid from Road Fund resources;

(d) Fayette County Traffic Control Device: Install a traffic light at Helmsdale and Man-O-War for $20,000 from Road Fund resources in fiscal year 2006-2007;

(e) Fayette County Traffic Control Device: Install a traffic light at Todds Road and Autumn Ridge for $20,000 from Road Fund resources in fiscal year 2006-2007;

(f) Floyd County Traffic Control Device: Install a traffic control device on KY 80 at Duff Elementary School in Floyd County for $20,000 from Road Fund resources in fiscal year 2006-2007;

(g) Franklin County Tunnel Maintenance: Implement a tunnel clearance project adjacent to the Kentucky River for $500,000 from the Highway Construction Contingency Account in fiscal year 2006-2007;

(h) Hopkins County Sidewalks: Construct sidewalks on US 41, South Main Street in the City of Madisonville for $390,000 from the Highway Construction Contingency Account in fiscal year 2007-2008;

(i) Jefferson County, Louisville Kennedy Bridge:~~[The Transportation Cabinet shall]~~ *(Veto #22)* complete the painting of the Kennedy Bridge on Interstate 65 in Louisville, Kentucky within the current biennium;

(j) Jefferson County Traffic Control Device: Install a traffic control device at the intersection of Rockford Lane and Dover Road in Jefferson County, Shively, Kentucky for $25,000 from Road Fund resources in fiscal year 2006-2007;

(k) Jefferson County Sound Barriers:~~[A sound barrier shall be]~~ *(Veto #23)* installed on the north side of I-264/Watterson Expressway from the west side of the Newburg Interchange going west 1,500 feet~~[. The cost related to the installation of the sound barrier shall be funded for $650,000 from the Highway Construction Contingency Account in fiscal year 2006-2007]~~ *(Veto #23)*;

(l) Jefferson County Bridge Preservation: Restore and reconstruct the historic bridge on Old Taylorsville Road over Chenoweth Run Creek, for $210,000 from the Municipal Bond Pool;

(m) Jessamine County Resurfacing: Resurface KY 1541 from milepost 6.936 near Sulphur Well Road to KY 39 at milepost 9.668 near Logana Road in Jessamine County for $136,000 from the Highway Construction Contingency Account in fiscal year 2006-2007;

(n) Kenton County Traffic Control Device: Install a traffic control device at the intersection of Oak and Adella in the City of Ludlow for $20,000 from Road Fund resources in fiscal year 2006-2007;

(o) Menifee County Resurfacing: Resurface last 0.5 miles of Carrington Green Road at the Bath County line for $10,000 from Road Fund resources in fiscal year 2006-2007;

(p) Rowan County Street and Parking Improvements: Improve streets and parking in the City of Morehead for $150,000 from the Highway Construction Contingency Account in fiscal year 2006-2007;

(q) Russell County Guardrail Installation: Install approximately 500 feet of guardrail on KY 1058 between mile marker 2 and 3 in Russell County, to be paid from Road Fund resources;

(r) Russell County Bridge Replacement: Replace the bridge on Payne Road in Russell County for $100,000 from Road Fund resources in fiscal year 2006-2007;

(s) Simpson County Resurfacing: Resurface Cedar Bluff Road in Simpson County beginning at US 31W to the Warren County line for $110,000 from the Highway Construction Contingency Account in fiscal year 2006-2007;

(t) Simpson County Widening and Resurfacing: Widen and resurface Rapids-Hickory Flat Road in Simpson County for $143,000 from the Highway Construction Contingency Account in fiscal year 2006-2007;

(u) Simpson County Widening and Resurfacing: Widen and resurface Neely Road in Simpson County for $137,000 from the Highway Construction Contingency Account in fiscal year 2006-2007; and

(v) Simpson County Highway Access: Create an access point on the south side of KY 100 at 300 feet east of the intersection with US 31W in Simpson County, to be paid from Road Fund resources.

(26) Louisville Bridges Project Plan Report: The Secretary of the Transportation Cabinet shall submit to the Legislative Research Commission by December 1, 2006, a long-term planning report for the Louisville Bridges Project. The planning report shall include project strategy, timeline, projected and actual financial data, construction schedule, total cost and cost to complete, anticipated revenues, revenue sources, and the overall financial impact on state transportation funds of the Louisville Bridges Project with respect to the federally funded component and the state-funded component, over the

life of the project. The Transportation Cabinet shall also submit to the Interim Joint Committee on Appropriations and Revenue and the Interim Joint Committee on Transportation a copy of the Initial Financial Plan at the same time as it files the plan with the Federal Highway Administration, but in no event later than December 31, 2006.

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.

(2) Carry Forward of Road Fund Appropriation Balance: Notwithstanding KRS 45.229, any funds not expended by June 30, 2007, shall not lapse and shall carry forward.

6. PUBLIC TRANSPORTATION

	2006-07	**2007-08**
General Fund	7,703,400	5,203,400
Restricted Funds	555,700	555,700
Federal Funds	40,204,200	40,233,600
TOTAL	48,463,300	45,992,700

(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 $2,950,000 in fiscal year 2006-2007 and $2,950,000 in fiscal year 2007-2008 for nonpublic school transportation.

(3) State Match Provisions: Included in the above General Fund appropriation is $2,500,000 in fiscal year 2006-2007 to provide additional General Fund match resources to support increased grant expenditures related to federal funds for metropolitan public

transit system. Notwithstanding KRS 45.229, this appropriation shall not lapse and shall carry forward.

7. REVENUE SHARING

	2005-06	**2006-07**	**2007-08**
Road Fund	11,858,400	241,886,100	244,276,700

(1) County Road Aid Program: (a) Included in the above Road Fund appropriation is $91,417,600 in fiscal year 2006-2007 and $92,249,300 in fiscal year 2007-2008 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 2006-2007 and $38,000 in fiscal year 2007-2008 which has been appropriated to the Highways budget unit for the support of the Kentucky Transportation Center.

(b) Notwithstanding KRS 177.320(2), the above amounts have been reduced by $6,039,000 in fiscal year 2006-2007 and $8,784,000 in fiscal year 2007-2008 and appropriated in the Debt Service budget unit for the support of the $350,000,000 of Highway Bonds authorized in Part I , L. Transportation, 4. Highways of this Act.

(2) Rural Secondary Program: (a) Included in the above Road Fund appropriation is $110,900,200 in fiscal year 2006-2007 and $111,909,100 in fiscal year 2007-2008 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 2006-2007 and $46,000 in fiscal year 2007-2008 which has been appropriated to the Highways budget unit for the support of the Kentucky Transportation Center.

(b) Notwithstanding KRS 177.320(2), the above amounts have been reduced by $7,326,000 in fiscal year 2006-2007 and $10,656,000 in fiscal year 2007-2008 and appropriated in the Debt Service budget unit for the support of the $350,000,000 of Highway Bonds authorized in Part I , L. Transportation, 4. Highways of this Act.

(3) Municipal Road Aid Program: (a) Included in the above Road Fund appropriation is $38,465,300 in fiscal year 2006-2007 and $38,815,300 in fiscal year 2007-2008 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 2006-2007 and $16,000 in fiscal year 2007-2008 which has been appropriated to the Highways budget unit for the support of the Kentucky Transportation Center.

(b) Notwithstanding KRS 177.320(2), the above amounts have been reduced by $2,541,000 in fiscal year 2006-2007 and $3,696,000 in fiscal year 2007-2008 and appropriated in the Debt Service budget unit for the support of the $350,000,000 of Highway Bonds authorized in Part I , L. Transportation, 4. Highways of this Act.

(4) Energy Recovery Road Fund: Included in the above Road Fund appropriation is $1,103,000 in fiscal year 2006-2007 and $1,303,000 in fiscal year 2007-2008 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

	2005-06	**2006-07**	**2007-08**
Restricted Funds	-0-	4,109,900	4,101,900
Federal Funds	-0-	3,285,500	285,500
Road Fund	947,300	17,396,100	18,269,900
TOTAL	947,300	24,791,500	22,657,300

TOTAL - TRANSPORTATION CABINET

	2005-06	**2006-07**	**2007-08**
General Fund	-0-	7,703,400	5,203,400
Restricted Funds	-0-	366,731,100	77,542,300
Federal Funds	30,085,900	697,652,400	715,547,900
Road Fund	12,805,700	1,162,618,900	1,187,955,400

Highway Bonds	-0-	350,000,000	-0-
TOTAL	42,891,600	2,584,705,800	1,986,249,000

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 2006-2008 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, 2006, unless reauthorized in this Act with the following exceptions: (a) A construction contract for the project shall have been awarded by June 30, 2006; (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; (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 section, the disposition of 2004-2006 biennium nonstatutory appropriated maintenance pools funded from Capital Construction Investment Income shall remain subject to the provisions of KRS 45.770(4)(c); and (d) Any capital construction project authorized pursuant to actions approved by the 2005 General Assembly in House Joint Resolution 92 (2005 Ky. Acts ch. 170, Vol. Ia, Part II Coal Severance Tax Projects), unless otherwise provided for in this Act, is deemed to be reauthorized up to the total amount of receipts allocated to the single county account at

the end of fiscal year 2005-2006. Notwithstanding the criteria set forth in this section, the disposition of 2004-2006 biennium nonstatutory appropriated maintenance pools funded from Capital Construction Investment Income shall remain subject to the provisions of KRS 45.770(4)(c).

(3) New Bond Projects: Bond projects authorized for the first time in this Part which have debt service supported by state General Fund appropriations are authorized in the first year of the biennium. The sale of bonds to finance four projects, Western Kentucky Veterans Center - Alzheimer's/General Care Unit, Acquire Land for Wendell H. Ford Regional Training Center, School Facilities Construction Commission Offers of Assistance, Louisville Arena, and Highway Bonds, shall occur after July 1, 2006.

The sale of bonds to finance the following projects shall occur after January 1, 2007:

(a) KIA Infrastructure for Economic Development for Coal Producing Counties;

(b) KIA Infrastructure for Economic Development for Non-Coal Producing Counties;

(c) Community Development Projects;

(d) Warren County Fiscal Court Transpark - Rail Spur and Infrastructure Improvements;

~~[(e) Animal Shelters;~~

~~(f) Kentucky River Authority Locks and Dams Renovation and Maintenance Pool;~~

~~(g) The Louisville Zoo - Glacier Run]~~ *(Veto #4)*

(h) New Horse Park Indoor Arena;

(i) Rockcastle County Vocational and Technical Center;

(j) Petroleum Underground Storage Tank;

~~[(k) CPE Capital Renewal and Maintenance Pool;]~~ *(Veto #4)*

(l) KCTCS - Franklin Technology Center Project Expansion; and

(m) All Agency Bond funded projects.

The sale of all other bonds to finance the remaining projects shall occur after July 1, 2007.

(4) 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 may be used to pay debt service according to the Internal Revenue Service Code and accompanying regulations. Notwithstanding KRS 48.010(13)(b), 48.720, or any section of this Act, any funds appropriated but not required to pay debt service because of this fund source substitution shall be credited to the Statewide Deferred Maintenance Fund account each year. Unneeded debt service resulting from any other circumstance shall lapse in accordance with KRS 48.010(13)(b), 48.720, and other provisions of this Act except for the following: if the fund balance in the Emergency Repair, Maintenance, and Replacement Fund falls below $5,000,000 in fiscal year 2006-2007, any debt service lapse necessary to bring the fund balance to $5,000,000 in that fiscal year shall be credited to the Emergency Repair, Maintenance, and Replacement Fund. No transfer to the Emergency Repair, Maintenance, and Replacement Fund, or the Statewide Deferred Maintenance Pool account, shall be made based on the above provisions if the lapse from other General Fund accounts is insufficient to meet appropriations approved in other Parts of this Act.

(5) 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 Projects; Kentucky River Authority Locks and Dams Renovation and Maintenance Pool; Repair of State-Owned Dams; Land Acquisition; Property Demolition; Guaranteed Energy Savings projects;

Wetland and Stream Mitigation; Phase I Tobacco Settlement Agricultural Development Initiative; Community Development projects; Economic Development projects which shall include authorization for the High-Tech Construction Pool and the High-Tech Investment Pool; Infrastructure projects;~~[the Capital Renewal and Maintenance Bond]~~*(Veto #4)* Pool; Heritage Land Conservation projects; Flood Control projects; the Parks Renovation Pool; Parks Development Pool; the Statewide Repair, Maintenance, and Replacement Pool; the Education Technology Pool;~~[the Postsecondary Education Institutions Technology and Equipment Pool; the Postsecondary Education Institutions Research Support/Lab Renovation and Equipment Pool;]~~ *(Veto #4)* the Local District Health Departments Construction Pool; and University Major Items of Equipment Pools. Any projects estimated to cost over $400,000 and equipment estimated to cost over $100,000 shall be reported to the Capital Projects and Bond Oversight Committee. All moneys transferred to the Finance and Administration Cabinet for capital construction from any appropriations, including income from investments, shall be expended, accounted for, and otherwise treated in the same manner as funds appropriated directly to the Finance and Administration Cabinet for capital construction.

(6) Jefferson County Medical Society: Notwithstanding KRS Chapter 45A or any other statute or provision of the law to the contrary, the Commonwealth releases the Medical Foundation of Jefferson County Medical Society from its Promissory Note dated June 15, 1979, in the principal amount of $110,000.

(7) Executive Mansion Restoration: In accordance with the process involved in previous renovations of the Executive Mansion and notwithstanding KRS 11.027, 41.290, 56.491, and 337.505 to 337.550, KRS Chapter 45A, or any other provision of law to the contrary, the Finance and Administration Cabinet is authorized to enter into an agreement with the Governor's Mansion Preservation Foundation (the foundation) concerning the renovation of the Executive Mansion. All design drawings for the renovation shall be inspected and approved by the Division of Historic Properties for the

purpose of ensuring that the work and materials are consistent with the principles of historic preservation and in compliance with all applicable codes and regulations. All work shall be conducted under the supervision of the Finance and Administration Cabinet's Division of Historic Properties, and all such work shall become the property of the Commonwealth. The foundation shall have the authority to select contractors and service providers and to enter into contracts to purchase or receive donations of goods, materials, and services necessary to the renovation; provided, however, that payment and performance bonds in an amount deemed by the Secretary of the Finance and Administration Cabinet to be appropriate for the protection of the Commonwealth's interest therein shall be provided with respect to work performed on the Executive Mansion.

(8) 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.

A. GENERAL GOVERNMENT

Budget Units	**2006-07**	**2007-08**
1. VETERANS' AFFAIRS		
001. Construct State Veterans Cemetery - Northeast Kentucky (Greenup County)		
General Fund	395,000	-0-
Federal Funds	-0-	8,300,000
TOTAL	395,000	8,300,000
002. Maintenance Pool		

	Investment Income	100,000	100,000
003.	Construct State Veterans Cemetery - Southeast Kentucky (Leslie County)		
	General Fund	-0-	200,000
	Federal Funds	-0-	6,000,000
	TOTAL	-0-	6,200,000
004.	Western Kentucky Veterans' Center - Alzheimer's/General Care Unit		
	Bond Funds	1,757,000	-0-

2. KENTUCKY INFRASTRUCTURE AUTHORITY

001.	KIA Fund F - Drinking Water Revolving Loan Program		
	Federal Funds	20,000,000	-0-
	Bond Funds	4,000,000	-0-
	TOTAL	24,000,000	-0-
002.	KIA Fund A - Federally Assisted Wastewater Program		
	Federal Funds	20,000,000	-0-
	Bond Funds	4,000,000	-0-
	TOTAL	24,000,000	-0-
003.	Infrastructure for Economic Development Fund for Non-Coal Producing Counties		
	Bond Funds	150,000,000	-0-
004.	Infrastructure for Economic Development Fund for Coal-Producing Counties		
	Bond Funds	100,000,000	-0-

(1) Expenditure of Loan Repayments Cash Balances: The Kentucky Infrastructure Authority is authorized to expend the cash balances from loan repayments on deposit at the trustee bank for financial assistance, in the form of low-interest loans, to governmental agencies for professional planning and preliminary engineering design work required for eligible Fund A wastewater projects.

005. City of Hindman - Water Line Improvements

Reauthorization and Reallocation ($88,888)

The above project is authorized from a reallocation from the Knott County Water and Sewer District - Ball Creek Water Project and Others in 2005 HJR 92 (2005 Ky. Acts ch. 170, Vol. Ia, Part II, Infrastructure for Economic Development Fund for Coal-Producing Counties, p. 1830).

3. MILITARY AFFAIRS

001. Construct Joint Use Readiness Center Paducah		
Federal Funds	11,400,000	-0-
002. Bluegrass Station Facility Maintenance Pool		
Restricted Funds	2,500,000	2,500,000
003. Acquire Land for Wendell H. Ford Regional Training Center		
Bond Funds	4,500,000	-0-
004. Upgrade DMA Statewide Radio System - Additional		
Federal Funds	3,000,000	-0-
005. Maintenance Pool		
Investment Income	860,000	860,000
006. Construct Warehouse - Bluegrass Station		
Restricted Funds	375,000	-0-
Federal Funds	1,125,000	-0-
TOTAL	1,500,000	-0-
007. Aircraft Maintenance Pool		
Investment Income	500,000	500,000

4. GOVERNOR'S OFFICE FOR LOCAL DEVELOPMENT

001. Owenton/Owen County Natural Gas Line Project		
Bond Funds	5,000,000	-0-

002. Flood Control Matching Fund/State Owned Dam Repair

General Fund	800,000	800,000
Restricted Funds	700,000	700,000
Investment Income	500,000	500,000
TOTAL	2,000,000	2,000,000

003. Warren County Fiscal Court - Transpark - Rail Spur

Bond Funds	4,500,000	-0-

004. Leslie County Fiscal Court - Leslie County Six Volunteer Fire Departments - Equipment and Operations Reauthorization and Reallocation ($120,000 Restricted Funds)

The above project is authorized from a reallocation from the Leslie County Fiscal Court - Equipment and Operations project in 2005 Ky. Acts ch., 173, Part I, A., 9.,b.

005. Community Development Fund Projects

General Fund	20,650,800	8,453,000
Bond Funds	75,658,000	-0-
TOTAL	96,308,000	8,453,000

~~[006. Louisville Zoo - Glacier Run~~

~~Bond Funds 6,000,000 -0-]~~ *(Veto #4)*

007. Franklin County - Lease

5. ATTORNEY GENERAL

001. Franklin County - Lease

6. UNIFIED PROSECUTORIAL SYSTEM - COMMONWEALTH'S ATTORNEYS

001. Jefferson County - Lease

7. TREASURY

001. Lease-Purchase of Xerox Laser Printers - Additional

Capital Construction Surplus	141,000	141,000

8. AGRICULTURE

001. PACE - Agriculture Enhancement Fund - Additional

	Federal Funds	3,600,000	3,600,000
002.	Large Scale Test Truck		
	Capital Construction Surplus	175,000	-0-
003.	Forage Testing Van		
	Capital Construction Surplus	115,000	-0-
004.	Fuels/Pesticides Testing Lab		
	General Fund	-0-	1,650,000
~~[005.~~	~~Animal Shelters~~		
	~~Bond Funds~~	~~2,500,000~~	~~-0-~~] *(Veto #4)*
006.	Franklin County - Lease		

9. KENTUCKY RETIREMENT SYSTEMS

001.	Kentucky Retirement Systems Line of Business Project		
	Restricted Funds	19,300,000	-0-
002.	Franklin County - Lease - Perimeter Park West		

10. BOARD OF NURSING

001.	Jefferson County - Lease		

11. KENTUCKY RIVER AUTHORITY

001.	Kentucky River Locks and Dams Maintenance and Renovations Pool		
~~[~~	~~Bond Funds~~	~~17,500,000~~	~~-0-~~] *(Veto #4)*
	Agency Bond Funds	33,200,000	-0-
	Restricted Funds	4,600,000	-0-
	TOTAL	55,300,000	-0-

12. SCHOOL FACILITIES CONSTRUCTION COMMISSION

001.	Offers of Assistance		
	Bond Funds	100,000,000	-0-
002.	Additional Offers of Assistance		
	Bond Funds	50,000,000	-0-

003. Urgent Needs School Trust Fund

Reauthorization ($91,536,000 Bond Funds)

004. School Facilities Construction Commission

Reauthorization ($73,300,000 Bond Funds)

005. Category 5 School Buildings

Reauthorization ($24,071,600 Bond Funds)

13. TEACHERS' RETIREMENT SYSTEM

001. KTRS Pension Management System

Reauthorization ($2,000,000 Restricted Funds)

B. COMMERCE CABINET

Budget Units	**2006-07**	**2007-08**
1. PARKS		
~~[001. Parks Renovation Pool~~		
~~Bond Funds~~	~~8,000,000~~	~~-0-~~

~~**(1) Permitted Use of Funds:** These Bond Funds may be used for any Department of Parks or Kentucky Horse Park Commission facility owned, leased, or maintained by the Commonwealth.]~~ *(Veto #4)*

002. Parks Development Pool		
Bond Funds	60,000,000	-0-
003. Construct Convention Center E. P. "Tom" Sawyer		
Other Funds	1,000,000	-0-
004. Maintenance Pool		
Investment Income	2,740,000	3,990,000
2. HORSE PARK COMMISSION		
001. Construct New Indoor Arena		
Bond Funds	36,500,000	-0-
Other Funds	6,180,000	-0-

	TOTAL	42,680,000	-0-
002.	Construct Hotel/Conference Center		
	Other Funds	27,500,000	-0-
003.	Maintenance Pool		
	Investment Income	575,000	575,000
004.	Construct Permanent Seating Stadium Jump Area		
	Reauthorization ($1,000,000 Other Funds)		
3.	**STATE FAIR BOARD**		
001.	Replace Roof for the Pavilion		
	Bond Funds	1,250,000	-0-
002.	Maintenance Pool		
	Restricted Funds	1,500,000	1,500,000
~~[003.~~	~~Upgrade HVAC Systems~~		
	~~Bond Funds~~	~~2,000,000~~	~~-0-~~] *(Veto #4)*
004.	Replace Paving from Gate 1 to Gate 2		
	Reauthorization ($900,000 Restricted Funds)		
005.	Renovate KICC Pedway System		
	Reauthorization ($1,000,000 Restricted Funds)		
006.	Repave Parking Lots E, J, and Ashton - Adair		
	Reauthorization ($1,330,000 Restricted Funds)		
4.	**FISH AND WILDLIFE RESOURCES**		
001.	Fees-in-Lieu-of Stream Mitigation Projects Pool		
	Restricted Funds	5,000,000	5,000,000
002.	Bullock Pen Lake Dam/Spillway Upgrade		
	Restricted Funds	-0-	3,000,000
003.	Land Acquisition Pool		
	Restricted Funds	7,700,000	1,000,000

004.	Water & Drain Line Replacement		
	Restricted Funds	250,000	-0-
	Federal Funds	750,000	-0-
	TOTAL	1,000,000	-0-
005.	Maintenance Pool		
	Restricted Funds	400,000	400,000
006.	Camp Currie Dining Hall Replacement		
	Restricted Funds	720,000	-0-
007.	Camp Webb Swimming Pool		
	Restricted Funds	700,000	-0-
008.	Boating/Fishing Access Pool		
	Restricted Funds	300,000	300,000
5.	**HISTORICAL SOCIETY**		
001.	Kentucky History Center Security Upgrades		
	Capital Construction Surplus	238,000	-0-
002.	Perryville Battlefield		
	Bond Funds	617,000	-0-
6.	**KENTUCKY CENTER FOR THE ARTS**		
001.	Maintenance Pool		
	Investment Income	160,000	160,000

C. 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.

Budget Units	**2006-07**	**2007-08**
1. SECRETARY		
001. New Economy High-Tech Construction/Investment Pool		
Bond Funds	20,000,000	-0-
2. FINANCIAL INCENTIVES		
001. Economic Development Bond Pool		
Bond Funds	17,500,000	-0-

(1) Purchase Regional Industrial Park: Included in the above appropriation is $2,500,000 for the Purchase Regional Industrial Park Authority to support land use and development at the Purchase Regional Industrial Park as approved by the Kentucky Economic Development Finance Authority.

D. DEPARTMENT OF EDUCATION

Budget Unit	**2006-07**	**2007-08**
1. OPERATION AND SUPPORT SERVICES		
001. Kentucky Education Network		
Bond Funds	8,900,000	-0-

The Secretary of the Education Cabinet, the Commissioner of the Department of Education, the President of the Council on Postsecondary Education, the Secretary of the Finance and Administration Cabinet, and the Executive Director of the Education Professional Standards Board shall submit a coordinated implementation plan with timelines and regular progress reports to the Interim Joint Committee on Appropriations and Revenue. All expenditures shall require the prior approval of the Secretary of the Finance and Administration Cabinet.

~~[002. On-Line Assessment~~

	~~Bond Funds~~	~~15,000,000~~	~~-0-~~
~~003.~~	~~Knowledge Management Portal~~		
	~~Bond Funds~~	~~3,250,000~~	~~-0-~~] *(Veto #4)*
004.	Student Information System		
	Bond Funds	10,000,000	-0-
005.	Maintenance Pool		
	Investment Income	675,000	675,000
006.	Rockcastle County Vocational and Technical Center		
	Bond Funds	1,500,000	-0-
007.	Education Technology Pool		
	Bond Funds	50,000,000	-0-
008.	Letcher County Central Vocational Center		
	Bond Funds	2,000,000	-0-

E. EDUCATION CABINET

Budget Units		**2006-07**	**2007-08**
1.	**GENERAL ADMINISTRATION AND PROGRAM SUPPORT**		
001.	Maintenance Pool		
	Investment Income	300,000	300,000
2.	**KENTUCKY EDUCATIONAL TELEVISION**		
001.	Maintenance Pool		
	Investment Income	100,000	100,000
002.	Replace Master Control and Production Infrastructure		
	Bond Funds	15,707,000	-0-
3.	**EMPLOYMENT AND TRAINING**		
001.	KEWES - Seibel Upgrade		
	Restricted Funds	550,000	-0-
	Federal Funds	600,000	-0-

TOTAL	1,150,000	-0-
002. KEWES - Appeals Upgrade		
Restricted Funds	250,000	-0-
Federal Funds	250,000	-0-
TOTAL	500,000	-0-
003. Replace HVAC System - Winchester Office of Employment and Training		
Capital Construction Surplus	335,000	-0-

4. VOCATIONAL REHABILITATION

001. Franklin County - Lease

002. Fayette County - Lease

F. ENVIRONMENTAL AND PUBLIC PROTECTION CABINET

Budget Units	**2006-07**	**2007-08**
1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT		
001. Kentucky Heritage Land Conservation Fund - Additional		
Restricted Funds	3,000,000	3,000,000
Federal Funds	1,000,000	1,000,000
TOTAL	4,000,000	4,000,000
002. Maintenance Pool		
Investment Income	200,000	200,000
2. ENVIRONMENTAL PROTECTION		
001. Hazardous Waste Management Fund - Additional		
Restricted Funds	2,100,000	2,100,000
002. State Funded Leaking Underground Storage Tanks - Additional		
Restricted Funds	500,000	500,000
003. Maxey Flats Construct Deep Well Monitoring		
Restricted Funds	500,000	-0-
004. Franklin County - Lease - Ash Building		

005. Franklin County - Lease - Schenkel Lane

3. MINE RECLAMATION AND ENFORCEMENT

001. Franklin County - Lease

4. PETROLEUM STORAGE TANK ENVIRONMENTAL ASSURANCE FUND

001. Petroleum Storage Tank Environmental Assurance Fund

Bond Funds	25,000,000	-0-

5. HOUSING, BUILDINGS AND CONSTRUCTION

001. Franklin County - Lease

6. INSURANCE

001. Franklin County - Lease

7. LABOR

001. Franklin County - Lease - 657 Chamberlin Ave

002. Franklin County - Lease - U. S. 127

G. FINANCE AND ADMINISTRATION CABINET

Budget Units	**2006-07**	**2007-08**
1. GENERAL ADMINISTRATION		
001. Louisville Arena		
Bond Funds	75,000,000	-0-

(a) The $75,000,000 of state-supported Bond Funds shall pay a portion of the cost to construct the Louisville Arena, a public project intended for multiple uses as a public, recreational, cultural, and sports facility. Bond funds authorized under this paragraph shall be conditioned upon the Louisville Arena Authority, Inc. conducting all business in accordance with the applicable provisions of KRS Chapter 45A, and with the provisions of the Kentucky Open Records Act (KRS 61.870 to 61.884) and the Kentucky Open Meetings Act (KRS 61.800 to 61.850). The provisions of KRS Chapter 11A shall apply to the Authority's directors, officers, and management and policymaking

employees. All decisions regarding the issuance of bonds and whether bonds should be competitively bid or negotiated shall be made by the Authority in an open meeting.

(b) Bond Funds authorized under paragraph (a) shall be conditioned upon the execution of contracts or memorandum of understanding by the Louisville Arena Authority, Inc. and applicable parties to ensure the following:

1. Kentucky State Fair Board - Except as provided in subparagraph 2. below, the Kentucky State Fair Board shall be the sole, independent managing agent for the Louisville Arena and shall have complete authority over day-to-day operations, including but not limited to event attractions, scheduling, and coordination between the Arena and other facilities operated by the Fair Board, in accordance with general guidelines established or mutually modified by the Fair Board and the Authority. Any net-negative financial impact to the Kentucky State Fair Board operations resulting from the movement of existing events from current facilities to the new arena shall be reimbursed to the Kentucky State Fair Board during the life of the state bonds authorized herein; and

2. University of Louisville - The Authority shall agree to acceptable arrangements with the University for scheduling priorities for men's and women's basketball games and practices, sharing of catering and concession revenue, allocation and pricing of parking spaces, marketing and allocation of revenues from suites and premium seats, arena advertising, signage, banners and branding, ticket prices and surcharges, arena development team membership, other events and uses of the arena, rental rates, merchandise revenue sharing and such other matters as the Authority and the University deem appropriate. The contract or memorandum of understanding referred to in this subparagraph shall include any term or condition recommended by the Louisville Arena Task Force and may address any other term or condition mutually agreed upon by the University and the Authority.

(c) If the Arena is constructed at the location commonly known as the "LG&E site," it is not anticipated that a significant portion of the arena project costs will be borne

by Louisville Gas & Electric. However, for purposes of transparency, if the Arena is constructed at the LG&E site, any portion of the costs associated with the purchase, relocation, demolition, or construction of buildings, structures, and equipment assumed by Louisville Gas & Electric shall be clearly delineated in the contractual agreement between Louisville Gas & Electric and the Arena Authority, its successor, or any other entity organized for the purpose of developing, financing, and constructing the Arena.

(d) If construction of the Arena is dependent upon construction of a floodwall or other flood control structures, the costs associated with such construction shall not be borne by Metropolitan Sewer District ratepayers.

(e) The conditions and contingencies imposed by paragraphs (a) through (d) above shall not be construed in any manner which may negatively impact the Louisville Arena Authority, Inc.'s ability to seek and receive tax-exempt status pursuant to 26 U.S.C. Section 501(c) and Treas. Reg. Section 1.501(c)(3)-1(d)(2).

(f) Any additional debt issued by any other entity other than the Commonwealth shall not constitute a debt of the Commonwealth or a pledge of the faith and credit of the Commonwealth. Nor shall any debt issued by any other entity other than the Commonwealth be deemed, directly or indirectly, to be a moral obligation of the Commonwealth. In no case shall the Commonwealth pay for any construction cost overruns or operating costs associated with the Louisville Arena.

2. FACILITIES AND SUPPORT SERVICES

001.	Renovate Kentucky State Office Building - Additional		
	Bond Funds	13,600,000	-0-
002.	Capital Plaza Complex - Renovation and Design		
	Bond Funds	4,942,000	-0-
003.	Statewide Repair, Maintenance, and Replacement		
	Bond Funds	10,000,000	-0-

(1) Statewide Repair, Maintenance, and Replacement Pool Fund: Included in the above Statewide Repair, Maintenance, and Replacement Pool Fund are the following Bond Funds supported projects and related appropriations in fiscal year 2006-2007:

(a) Facilities and Support Services Maintenance Pool, $7,500,000;

(b) Parks, Maintenance Pool, $1,250,000; and

(c) Justice and Public Safety Cabinet, Corrections Management, Maintenance Pool, $1,250,000.

004. Acquire Land/Demolish Structures Statewide - Additional		
Capital Construction Surplus	903,000	904,000
005. Governor's Mansion HVAC and Window Replacement - Additional		
Investment Income	90,000	-0-
006. Guaranteed Energy Savings Performance Contracts		

3. 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. Public Safety Commission Infrastructure - KEWS - Additional		
Federal Funds	16,166,000	-0-
Bond Funds	13,000,000	-0-
TOTAL	29,166,000	-0-
002. Data Center Readiness		
Bond Funds	1,400,000	-0-
003. KY Information Highway Expansion 06-08		
Restricted Funds	1,975,000	1,975,000
004. Enterprise Server (z/OS) Upgrade/Replacement		
Restricted Funds	800,000	400,000

005. Statewide Digital Orthoimagery Basemap Update 06-08

Restricted Funds	500,000	500,000

006. Enterprise Applications Upgrade

Restricted Funds	500,000	500,000

007. Enterprise Project Management Information System

Restricted Funds	425,000	425,000

008. Franklin County - Lease - Genesco Building Warehouse

009. Franklin County - Lease - 100 Fair Oaks

010. Disk Storage Upgrade

Reauthorization ($800,000 Restricted Funds)

011. Enterprise Storage Solution

Reauthorization ($2,000,000 Restricted Funds)

012. Enterprise Server Complex Upgrade

Reauthorization ($2,500,000 Restricted Funds)

013. Enterprise UNIX Server(s) Consolidation

Reauthorization ($3,300,000 Restricted Funds)

014. Statewide Digital Orthoimagery Basemap Update

Reauthorization ($200,000 Restricted Funds, $300,000 Federal Funds)

015. Enterprise Messaging

Reauthorization ($660,000 Restricted Funds)

016. Kentucky Information Highway Upgrade Expansion

Reauthorization ($3,500,000 Restricted Funds)

017. Enterprise Infrastructure Security

Reauthorization ($1,000,000 Restricted Funds)

018. Disaster Recovery Phase I & II

Reauthorization ($1,200,000 Restricted Funds)

4. REVENUE

001. Implement a Comprehensive Tax System - Phase I		
Bond Funds	23,250,000	-0-
002. Motor Fuels Tax Automation		
Federal Funds	1,250,000	-0-
Road Fund	1,250,000	-0-
TOTAL	2,500,000	-0-
003. Franklin County - Lease - Perimeter Park West		
004. Franklin County - Lease - 200 Fair Oaks		
005. Franklin County - Lease - 100 Fair Oaks		
5. KENTUCKY LOTTERY CORPORATION		
001. Potential Buyout of On-line Gaming System		
Other Funds	12,250,000	-0-
002. Data Processing, Telecomm., and Related Equipment		
Other Funds	3,000,000	3,000,000
003. Contingency on Property Adjacent to New Headquarters		
Other Funds	4,000,000	-0-
004. iSeries System Upgrades		
Other Funds	1,000,000	-0-
005. Network Storage and Associated Infrastructure		
Other Funds	500,000	-0-

H. HEALTH AND FAMILY SERVICES CABINET

Budget Units	**2006-07**	**2007-08**
1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT		
001. Safeguarding Children at Risk (TWIST Re-Write II) - Additional		
Federal Funds	3,134,000	-0-
Bond Funds	3,134,000	-0-
TOTAL	6,268,000	-0-

2. MENTAL HEALTH AND MENTAL RETARDATION SERVICES

001. Oakwood - Replace Chillers, Heating & Cooling Lines		
Bond Funds	2,131,000	-0-
002. Maintenance Pool		
Investment Income	1,500,000	1,500,000
003. Roof Pool		
Capital Construction Surplus	700,000	-0-
004. Chiller Pool		
Restricted Funds	400,000	-0-

005. Fayette County - Lease

006. Franklin County - Lease

007. Hazelwood Intermediate Care Facility
for the Mentally Retarded/Developmentally Disabled - Lease

008. Eastern State Hospital - Lease

3. DISABILITY DETERMINATION SERVICES

001. Franklin County - Lease

4. COMMUNITY BASED SERVICES

001. Boone County - Lease

002. Boyd County - Lease

003. Johnson County - Lease

004. Fayette County - Lease - Centre Parkway

005. Shelby County - Lease

006. Jefferson County - Lease

007. Fayette County - Lease

008. Kenton County - Lease - Madison Avenue

009. Hardin County - Lease

010. Campbell County - Lease

011. Warren County - Lease

012. Kenton County - Lease

013. Home of the Innocents - Phase II Children's Village

Bond Funds	8,250,000	-0-

(1) Bond Issuance Contingency: The amount of bond issuance shall be contingent upon equalizing matching funds being provided from other fund sources.

~~[014. Brooklawn Child and Family Services~~

~~Bond Funds~~	~~2,000,000~~	~~-0-~~

~~**(2) Brooklawn Child and Family Services:** The above appropriation shall be used to purchase houses and an apartment building for Brooklawn residents who have completed residential treatment.]~~ *(Veto #4)*

5. PUBLIC HEALTH

001. Health Departments Infrastructure Pool

Bond Funds	10,000,000	-0-

(1) Health Departments Infrastructure Pool: In order to address a portion of the construction and renovation needs of Local and District Health Departments, the Health Departments Infrastructure Pool is established. The Department for Public Health shall establish an application process to participate in this pool that shall require in-kind or matching funds from the local agency of not less than 25 percent of the grant requested. No individual grant from this pool shall exceed $500,000. If the amount of bond funds available from the pool is not sufficient to cover all applications, the Department shall determine the distribution of pool assets.

I. JUSTICE AND PUBLIC SAFETY CABINET

Budget Units	**2006-07**	**2007-08**
1. CRIMINAL JUSTICE TRAINING		
001. Maintenance Pool		
Restricted Funds	300,000	300,000

	002. Thompson Hall HVAC		
	Restricted Funds	400,000	-0-
2.	**JUVENILE JUSTICE**		
	001. Upgrade Safety and Repair Exterior NKYDC		
	Emergency, Repair, Maintenance,		
	and Replacement	1,700,000	-0-
	002. Upgrade Fire Safety/Repair Morehead YDC		
	Capital Construction Surplus	1,500,000	-0-
	003. Maintenance Pool		
	Investment Income	450,000	450,000
3.	**STATE POLICE**		
	001. Maintenance Pool		
	Investment Income	300,000	300,000
4.	**ADULT CORRECTIONAL INSTITUTIONS**		
	001. Renovate Lonnie Watson Building - KCIW		
	Bond Funds	1,697,000	-0-
	002. Maintenance Pool		
	Investment Income	1,850,000	600,000
5.	**PUBLIC ADVOCACY**		
	001. Franklin County - Lease		

J. PERSONNEL CABINET

Budget Unit

1. GENERAL OPERATIONS

001. Franklin County - Lease

K. POSTSECONDARY EDUCATION

[~~**(1) Postsecondary Education Capital Renewal and Maintenance Pool Match:** The Capital Renewal and Maintenance Pool provides funding for individual projects at~~

~~Kentucky's public postsecondary institutions to upgrade and replace building systems and infrastructure in education and general facilities. The individual projects funded from this pool shall be recommended by the Council on Postsecondary Education to the Secretary of the Finance and Administration Cabinet from the project listings previously identified by the Council. The Council shall determine the allocation of the Capital Renewal and Maintenance Pool among the postsecondary education institutions and report that allocation to the Secretary of the Finance and Administration Cabinet and the Legislative Research Commission's Capital Projects and Bond Oversight Committee. The Bond Funds in this pool shall be matched with the institutions' Restricted Funds at varying levels as determined by the Council on Postsecondary Education.]~~ *(Veto #4)*

Budget Units	**2005-06**	**2006-07**	**2007-08**
1. COUNCIL ON POSTSECONDARY EDUCATION			
~~[001. Capital Renewal and Maintenance Pool~~			
~~Bond Funds~~	~~-0-~~	~~13,927,000~~	~~-0-]~~ *(Veto #4)*
002. Purchase KYVU/KYVL Electronic Data Bases			
Restricted Funds	-0-	7,000,000	-0-
003. Purchase KYVL Integrated Library System			
Restricted Funds	-0-	4,000,000	-0-
004. Purchase Interactive Television (ITV) System			
Restricted Funds	-0-	800,000	-0-
005. Purchase KYVU Centralized Hosting License			
Restricted Funds	-0-	750,000	-0-
006. Purchase KYVL Interlibrary Loan System			
Restricted Funds	-0-	700,000	-0-
007. Purchase KYVL Reference Desk Software			
Restricted Funds	-0-	600,000	-0-
008. KYVU/KYVL Statewide Software Licenses Pool			

Restricted Funds	-0-	500,000	-0-
009. Purchase Postsecondary Education Video Conference System			
Restricted Funds	-0-	500,000	-0-
010. Install Website ADA Compliance Restructuring			
Restricted Funds	-0-	500,000	-0-
011. Franklin County - Lease			
~~[012. Information Technology and Equipment Acquisitions~~			
~~Bond Funds~~	~~-0-~~	~~10,000,000~~	~~-0-~~
~~013. Research Support/Lab Renovation and Equipment~~			
~~Bond Funds~~	~~-0-~~	~~6,000,000~~	~~-0-~~ ~~]~~ *(Veto #4)*

2. KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION

001. Upgrade Information Technology Systems			
Federal Funds	-0-	671,000	-0-
002. Jefferson County - Lease			

3. EASTERN KENTUCKY UNIVERSITY

~~[001. Construct New Student Housing~~			
~~Agency Bonds~~	~~-0-~~	~~10,520,000~~	~~-0-~~
~~002. EKU-UK Dairy Research Project (Meadowbrook Farm)~~			
~~Bond Funds~~	~~-0-~~	~~5,300,000~~	~~-0-~~ ~~]~~ *(Veto #4)*
003. Arlington Renovation and Addition			
Other Funds	-0-	4,000,000	-0-
004. Library Studio for Academic Creativity			
Restricted Funds	-0-	-0-	1,500,000
005. Expand and Renovate Presnell Building - Additional Reauthorization ($1,000,000 Restricted Funds)			
Restricted Funds	-0-	1,200,000	-0-
006. Expand Indoor Tennis Facility - Additional			

Reauthorization ($1,000,000 Restricted Funds)			
Restricted Funds	-0-	100,000	-0-
007. Construct E & G Life Safety Begley Elevator			
Reauthorization ($750,000 Restricted Funds)			
008. Guaranteed Energy Savings Performance Contracts			
009. Construct Science Building			
Bond Funds	-0-	54,108,000	-0-
010. Construct Manchester Postsecondary Education Center			
Bond Funds	-0-	3,500,000	-0-
4. KENTUCKY STATE UNIVERSITY			
001. Construct New Young Hall - Phase II			
Other Funds	-0-	-0-	6,500,000
002. Construct Center for Training & Learning			
Federal Funds	-0-	2,755,000	-0-
003. Upgrade Online Infrastructure			
Restricted Funds	-0-	2,190,000	-0-
004. Create Center for Families and Children			
Federal Funds	-0-	2,022,000	-0-
005. Acquire Property Related to Master Plan			
Restricted Funds	-0-	1,000,000	-0-
Federal Funds	-0-	1,000,000	-0-
TOTAL	-0-	2,000,000	-0-
006. Roof Repair & Replacement Pool			
Restricted Funds	-0-	1,520,000	-0-
Federal Funds	-0-	400,000	-0-
TOTAL	-0-	1,920,000	-0-
007. Capital Renewal Pool			

Restricted Funds	-0-	1,899,000	-0-
008. Renovate Jackson Hall			
Restricted Funds	-0-	140,000	-0-
Federal Funds	-0-	1,488,000	-0-
TOTAL	-0-	1,628,000	-0-
009. Upgrade Online Security			
Restricted Funds	-0-	1,500,000	-0-
010. Expand Aquaculture Pond Facilities			
Federal Funds	-0-	1,430,000	-0-
011. Construct Aquaculture Production Tech Lab			
Restricted Funds	-0-	1,000,000	-0-
Federal Funds	-0-	200,000	-0-
TOTAL	-0-	1,200,000	-0-
012. Life Safety Upgrade Pool			
Restricted Funds	-0-	1,040,000	-0-
013. Replace Online Voice - Centrex			
Restricted Funds	-0-	587,000	-0-
014. Guaranteed Energy Savings Performance Contracts			
~~[015. Expand and Renovate Betty White Nursing Building~~			
~~Bond Funds~~	~~-0-~~	~~4,900,000~~	~~-0-~~ ~~]~~ *(Veto #4)*
016. Construct New Residence Hall			
Other Funds	-0-	20,000,000	-0-
017. Renovate Hathaway Hall, Phase II			
Bond Funds	-0-	4,920,000	-0-
~~[018. Construct Parking Structure~~			
~~Agency Bonds~~	~~-0-~~	~~7,000,000~~	~~-0-~~ ~~]~~ *(Veto #4)*

5. MOREHEAD STATE UNIVERSITY

001.	Construct Center for Health, Education, and Research			
	Bond Funds	-0-	23,000,000	-0-
002.	Renovate Jayne Stadium			
	Restricted Funds	-0-	8,400,000	-0-
003.	Construct East Kentucky Animal Science Center			
	Federal Funds	-0-	8,000,000	-0-
004.	Major Item of Equipment Pool			
	Restricted Funds	-0-	2,752,000	3,400,000
005.	Construct Kentucky Mountain Crafts Center			
	Restricted Funds	-0-	5,434,000	-0-
006.	Construct Law Enforcement Complex			
	Federal Funds	-0-	5,215,000	-0-
007.	Upgrade Instructional PCs/LANS/Peripherals			
	Restricted Funds	-0-	5,000,000	-0-
008.	Enhance Network/Infrastructure Resources			
	Restricted Funds	-0-	4,750,000	-0-
009.	Renovate McClure Pool Area			
	Restricted Funds	-0-	4,715,000	-0-
010.	Renovate John Sonny Allen Field			
	Restricted Funds	-0-	4,166,000	-0-
011.	Replace Power Plant Pollution Control System			
	Restricted Funds	-0-	3,540,000	-0-
012.	Capital Renewal Pool - E&G			
	Restricted Funds	-0-	3,480,000	-0-
013.	Renovate Button Auditorium			
	Restricted Funds	-0-	3,000,000	-0-
014.	Upgrade Administrative Office Systems			

Restricted Funds	-0-	2,500,000	-0-
015. Acquire Land Related to Master Plan			
Restricted Funds	-0-	2,000,000	-0-
016. Construct Softball Facility/Lighting Project			
Restricted Funds	-0-	1,700,000	-0-
017. Comply with ADA - E&G			
Restricted Funds	-0-	850,000	850,000
018. Capital Renewal Pool -Auxiliary			
Restricted Funds	-0-	1,618,000	-0-
019. Upgrade and Expand Distance Learning			
Restricted Funds	-0-	1,500,000	-0-
020. Expand Student Wellness Center			
Restricted Funds	-0-	1,200,000	-0-
021. Comply with ADA - Auxiliary			
Restricted Funds	-0-	600,000	600,000
022. Replace Boiler Tubes			
Restricted Funds	-0-	800,000	-0-
023. Reconstruct Central Campus			
Restricted Funds	-0-	780,000	-0-
024. Enhance Library Automation Resources			
Restricted Funds	-0-	670,000	-0-
025. Expand Life Safety Claypool-Young Building			
Restricted Funds	-0-	600,000	-0-
026. Renovate Molecular Biology Student Lab			
Restricted Funds	-0-	474,000	-0-
027. Guaranteed Energy Savings Performance Contracts			
028. Construct Equine Hospital			

	Restricted		1,069,000	-0-
~~[029.~~	~~Construct Student Recreation Center~~			
	~~Agency Bonds~~	~~-0-~~	~~17,000,000~~	~~-0-~~
~~030.~~	~~Renovate Student Housing Facilities~~			
	~~Agency Bonds~~	~~-0-~~	~~10,000,000~~	~~-0-~~ ~~]~~ *(Veto #4)*
031.	Space Science Center - Completion			
	Bond Funds	-0-	3,400,000	-0-
~~[032.~~	~~Construct Business Continuance Datacenter~~			
	~~Bond Funds~~	~~-0-~~	~~2,500,000~~	~~-0-~~ ~~]~~ *(Veto #4)*
6.	**MURRAY STATE UNIVERSITY**			
001.	New Residential College - Richmond Hall			
	Agency Bonds	-0-	13,077,000	-0-
002.	Capital Renewal E&G Pool			
	Restricted Funds	-0-	12,457,000	-0-
003.	Administrative Enterprise Resource Planning System			
	Restricted Funds	-0-	8,000,000	-0-
004.	Capital Renewal H&D Pool			
	Restricted Funds	-0-	5,445,000	-0-
005.	Renovate Pogue Library			
	Restricted Funds	-0-	4,000,000	-0-
006.	Renovate Ordway Hall			
	Restricted Funds	-0-	3,962,000	-0-
007.	ADA Compliance E&G Pool			
	Restricted Funds	-0-	3,092,000	-0-
008.	Centralized Technology Refresh Program			
	Restricted Funds	-0-	2,600,000	-0-
009.	Telephone Switching System - Additional			

	Reauthorization ($1,525,000 Restricted Funds)			
	Restricted Funds	-0-	1,975,000	-0-
010.	Renovate White Hall HVAC System			
	Restricted Funds	-0-	1,000,000	-0-
011.	Campus Backbone 10 GigE Upgrade			
	Restricted Funds	-0-	775,000	-0-
012.	Construct Open-Sided Stall Barn at Expo Center			
	Restricted Funds	-0-	770,000	-0-
013.	ADA Compliance H&D Pool			
	Restricted Funds	-0-	615,000	-0-
014.	Life Safety Projects E&G Pool			
	Restricted Funds	-0-	590,000	-0-
015.	Central Processing Computer System Upgrade			
	Restricted Funds	-0-	522,000	-0-
016.	Online Centralized Data Access/Warehouse			
	Restricted Funds	-0-	520,000	-0-
017.	Acquire Land			
	Restricted Funds	-0-	501,000	-0-
018.	Renovate A. Carman Pavilion - Phase II			
	Restricted Funds	-0-	500,000	-0-
019.	Renovate Wells Hall Interior			
	Restricted Funds	-0-	500,000	-0-
020.	Construct Public Safety Building- Additional			
	Reauthorization ($1,500,000 Restricted Funds)			
	Restricted Funds	-0-	500,000	-0-
021.	Life Safety Projects H&D Pool			
	Restricted Funds	-0-	300,000	-0-

022. Abate Asbestos H&D Pool			
Restricted Funds	-0-	276,000	-0-
023. Guaranteed Energy Savings Performance Contracts			
024. Construct New Science Complex - Phase III			
Bond Funds	-0-	15,000,000	-0-
~~[025. Replace Franklin Hall~~			
~~Agency Bonds~~	~~-0-~~	~~13,077,000~~	~~-0-~~
~~026. Renovate Curris Center T-Room~~			
~~Agency Bonds~~	~~-0-~~	~~750,000~~	~~-0-~~ ~~]~~ *(Veto #4)*

7. NORTHERN KENTUCKY UNIVERSITY

001.Construct New Student Union			
Agency Bonds	-0-	17,360,000	-0-
002. Acquire New Residence Hall			
Restricted Funds	-0-	10,000,000	-0-
003. Construct Alumni Welcome Center			
Other Funds	-0-	7,800,000	-0-
004. Relocate Master Plan Infrastructure			
Restricted Funds	-0-	6,130,000	-0-
005. Acquire Land/Campus Master Plan			
Restricted Funds	-0-	6,000,000	-0-
006. Construct Track and Field Stadium			
Other Funds	-0-	5,500,000	-0-
007. Construct Soccer Stadium			
Restricted Funds	-0-	5,500,000	-0-
008. Major Item of Equipment Pool			
Restricted Funds	-0-	5,410,000	-0-
009. Construct Central Plaza Phase II			

	Restricted Funds	-0-	4,900,000	-0-
010.	Replace Power Distribution Infrastructure			
	Restricted Funds	-0-	4,800,000	-0-
011.	Repair Structural Floor Heaving/E&G Buildings			
	Restricted Funds	-0-	4,000,000	-0-
012.	Enhance Instructional Information Technology			
	Restricted Funds	-0-	3,800,000	-0-
013.	E&G Minor Projects Pool			
	Restricted Funds	-0-	3,200,000	-0-
014.	Enhance Information Technology Infrastructure			
	Restricted Funds	-0-	2,900,000	-0-
015.	Housing/Minor Projects Pool			
	Restricted Funds	-0-	2,200,000	-0-
016.	Replace Administrative Application System Phase II			
	Restricted Funds	-0-	2,000,000	-0-
017.	Construct Intramural Fields			
	Restricted Funds	-0-	1,900,000	-0-
018.	Replace E&G Fire Alarm Systems			
	Restricted Funds	-0-	1,400,000	-0-
019.	Relocate Early Childcare Center			
	Restricted Funds	-0-	1,000,000	-0-
020.	Replace Elevators Landrum Hall/Lucas Administrative Center			
	Restricted Funds	-0-	990,000	-0-
021.	Replace Air Handlers			
	Restricted Funds	-0-	980,000	-0-
022.	Restore Albright Health Center Roof			
	Restricted Funds	-0-	680,000	-0-

023. Replace Business, Education, and Psychology Center Roof			
Restricted Funds	-0-	680,000	-0-
024. Enhance Softball Field			
Restricted Funds	-0-	600,000	-0-
025. Renovate University Center			
Restricted Funds	-0-	600,000	-0-
026. Kenton County - Lease			
027. Guaranteed Energy Savings Performance Contracts			
028. Construct Center for Informatics			
Bond Funds	-0-	35,500,000	-0-
029. Construct Parking Garage #3			
Agency Bonds	-0-	15,400,000	-0-
~~[030. Construct Student Housing~~			
~~Agency Bonds~~	~~-0-~~	~~23,000,000~~	~~-0-~~
~~031. Expand Norse Commons~~			
~~Agency Bonds~~	~~-0-~~	~~1,400,000~~	~~-0-~~ ~~]~~ *(Veto #4)*

8. UNIVERSITY OF KENTUCKY

001. Construct Patient Care Facility Phase II - Hospital			
Restricted Funds	-0-	25,000,000	-0-
Agency Bonds	-0-	150,000,000	-0-
TOTAL	-0-	175,000,000	-0-
002. Construct Biological/Pharmaceutical Complex - Phase II			
Bond Funds	-0-	79,892,000	-0-
003. Major Item of Equipment Pool			
Restricted Funds	-0-	195,164,000	-0-
Federal Funds	-0-	3,100,000	-0-
TOTAL	-0-	198,264,000	-0-

004. Capital Renewal Pool Phase I

Restricted Funds	-0-	31,607,000	-0-

005. Construct Outpatient Diagnostic/Treatment Facility II - Hospital

Restricted Funds	-0-	24,271,000	-0-

006. Lease-Purchase ERP System - Phase II

Restricted Funds	-0-	20,000,000	-0-

007. Expand Ambulatory Care Facilities - Hospital

Restricted Funds	-0-	20,000,000	-0-

008. Construct Primary Care Center II - Hospital

Restricted Funds	-0-	17,237,000	-0-

009. Replace Air Handling Unit I - Hospital

Restricted Funds	-0-	16,165,000	-0-

010. Construct Patient Care Facility II - Hospital

Restricted Funds	-0-	15,909,000	-0-

011. Acquire Land

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

012. Construct Facilities Support Building - Hospital

Restricted Funds	-0-	14,728,000	-0-

013. Medicine/Dentistry Building - Design

Restricted Funds	-0-	14,000,000	-0-

~~[014. Expand and Upgrade LDDC Phase II~~

~~Bond Funds~~	~~-0-~~	~~13,500,000~~	~~-0-~~ ~~]~~ *(Veto #4)*

015. Construct Remote Cancer Clinic - Hospital

Restricted Funds	-0-	12,880,000	-0-

016. Construct Cancer Urgent Treatment Facility - Hospital

Restricted Funds	-0-	12,728,000	-0-

017. Lease-Purchase Telephone Switch Convergence

Restricted Funds	-0-	12,000,000	-0-
018. Construct Outpatient Care Facility II - Hospital			
Restricted Funds	-0-	11,157,000	-0-
019. Construct Outpatient Services III - Hospital			
Restricted Funds	-0-	10,775,000	-0-
020. Construct Cancer Infusion Suites - Hospital			
Restricted Funds	-0-	10,688,000	-0-
021. Construct Imaging Facility - Hospital			
Restricted Funds	-0-	10,079,000	-0-
022. Upgrade/Modify Coldstream Facilities			
Restricted Funds	-0-	10,000,000	-0-
023. Renovate Lab & Support Space in Medical Science			
Restricted Funds	-0-	9,500,000	-0-
024. Renovate Lab for Coatings & Surface Inspection			
Restricted Funds	-0-	8,000,000	-0-
025. Upgrade Critical Care Center HVAC - Hospital			
Restricted Funds	-0-	7,649,000	-0-
026. Install Steam Line BBSRB - Old Main Gate Pit			
Restricted Funds	-0-	6,865,000	-0-
027. Install Steam Line - Taylor to Transportation Building			
Restricted Funds	-0-	6,725,000	-0-
028. Upgrade the Vivarium in Sanders Brown Building			
Restricted Funds	-0-	3,360,000	-0-
Federal Funds	-0-	3,360,000	-0-
TOTAL	-0-	6,720,000	-0-
029. Lease-Purchase High Performance Research Computer			
Restricted Funds	-0-	6,500,000	-0-

030. Construct Library Depository Facility			
Restricted Funds	-0-	2,915,000	-0-
Federal Funds	-0-	3,500,000	-0-
TOTAL	-0-	6,415,000	-0-
031. Expand Emergency Services - Hospital			
Restricted Funds	-0-	6,100,000	-0-
032. Renovate Facade - Agriculture Building North			
Restricted Funds	-0-	6,100,000	-0-
033. Construct Radiation Medicine Facility - Hospital			
Restricted Funds	-0-	6,069,000	-0-
034. Lease-Purchase UK/UofL/Frankfort Research Network			
Restricted Funds	-0-	6,000,000	-0-
035. Renovate Dietetics - Hospital			
Restricted Funds	-0-	6,000,000	-0-
036. Upgrade Cancer Center Radiologic Facility - Hospital			
Restricted Funds	-0-	6,000,000	-0-
037. Install Chilled Water Pipe to South Campus			
Restricted Funds	-0-	6,000,000	-0-
038. Replace Cooling Plant Chillers			
Restricted Funds	-0-	6,000,000	-0-
039. Purchase Clinical System Enterprise			
Restricted Funds	-0-	5,800,000	-0-
040. Add Centralized Emergency Generator			
Restricted Funds	-0-	5,542,000	-0-
041. Replace Steam and Condensate Pipe			
Restricted Funds	-0-	5,500,000	-0-
042. Install Steam Line Blazer to Singletary Center			

Restricted Funds	-0-	5,275,000	-0-
043. Construct Cancer Hospice Facility - Hospital			
Restricted Funds	-0-	5,145,000	-0-
044. Upgrade Pharmacy Fume Hood I - Life Safety			
Restricted Funds	-0-	5,040,000	-0-
045. Data Center - Design			
Restricted Funds	-0-	5,000,000	-0-
046. Renovate Research Space in Medical Science			
Restricted Funds	-0-	5,000,000	-0-
047. University Student Center - Design			
Restricted Funds	-0-	5,000,000	-0-
048. Expand Chemistry-Physics Building - Design			
Restricted Funds	-0-	5,000,000	-0-
049. Improve Central Heating Plant			
Restricted Funds	-0-	4,860,000	-0-
050. Modify Nursing Unit XII - Hospital			
Restricted Funds	-0-	4,806,000	-0-
051. Improve Life Safety Project Pool			
Restricted Funds	-0-	4,650,000	-0-
052. Purchase Patient System Enterprise			
Restricted Funds	-0-	4,640,000	-0-
053. Purchase Diagnostic Medical Record Expansion			
Restricted Funds	-0-	4,640,000	-0-
054. Renovate Imaging Center in Kentucky Clinic			
Restricted Funds	-0-	4,590,000	-0-
055. Expand Surgical Services - Hospital			
Restricted Funds	-0-	4,545,000	-0-

056. Expand Kastle Hall Vivarium

Restricted Funds	-0-	4,505,000	-0-

057. Upgrade Surgical Services - Hospital

Restricted Funds	-0-	4,500,000	-0-

058. Upgrade Electrical Substation

Restricted Funds	-0-	4,500,000	-0-

059. Replace Fine Arts HVAC

Restricted Funds	-0-	4,500,000	-0-

060. Expand CAER Laboratories

Restricted Funds	-0-	4,450,000	-0-

061. Expand KGS Well Sample & Core Repository

Restricted Funds	-0-	4,310,000	-0-

062. Upgrade Information Systems Services - Hospital

Restricted Funds	-0-	4,206,000	-0-

063. Renovate Carnahan House

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

064. Extend Virginia Avenue

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

065. Renovate Labs in Pharmacy Building

Restricted Funds	-0-	2,000,000	-0-
Federal Funds	-0-	2,000,000	-0-
TOTAL	-0-	4,000,000	-0-

066. Expand Operating Room Suites - Hospital

Restricted Funds	-0-	3,559,000	-0-

067. Upgrade Diagnostic Radiology - Hospital

Restricted Funds	-0-	3,530,000	-0-

068. Replace McVey Hall HVAC

Restricted Funds	-0-	3,520,000	-0-
069. Lease-Purchase Campus Infrastructure Upgrade			
Restricted Funds	-0-	3,500,000	-0-
070. Lease-Purchase Large Scale Computing			
Restricted Funds	-0-	3,500,000	-0-
071. Upgrade HVAC II - Hospital			
Restricted Funds	-0-	3,500,000	-0-
072. Expand/Renovate CPST Facility			
Restricted Funds	-0-	3,500,000	-0-
073. Replace Central Facilities Management System			
Restricted Funds	-0-	3,500,000	-0-
074. Upgrade Fume Hoods TH Morgan - Life Safety			
Restricted Funds	-0-	3,188,000	-0-
075. Expand Ophthalmology Clinic - Hospital			
Restricted Funds	-0-	3,100,000	-0-
076. Replace Steam Line Lime Tunnel - Main Gate			
Restricted Funds	-0-	3,100,000	-0-
077. Replace HVAC Kastle Hall			
Restricted Funds	-0-	3,100,000	-0-
078. Construct Building Connectors III - Hospital			
Restricted Funds	-0-	3,059,000	-0-
079. Purchase Dentistry Patient Management System - Phase II			
Restricted Funds	-0-	3,000,000	-0-
080. Upgrade Global Ventilation Controls - Hospital			
Restricted Funds	-0-	3,000,000	-0-
081. Renovate Central Vivarium			
Restricted Funds	-0-	1,500,000	-0-

Federal Funds	-0-	1,500,000	-0-
TOTAL	-0-	3,000,000	-0-
082. Renovate Sections of Funkhouser			
Restricted Funds	-0-	3,000,000	-0-
083. Renovate Research Space Medical Center I			
Restricted Funds	-0-	3,000,000	-0-
084. Construct Radiation Medicine Facility II - Hospital			
Restricted Funds	-0-	2,955,000	-0-
085. Construct University Press Facility			
Restricted Funds	-0-	2,950,000	-0-
086. Upgrade Surgical Suite - Hospital			
Restricted Funds	-0-	2,945,000	-0-
087. Renovate Outpatient Clinic in Kentucky Clinic			
Restricted Funds	-0-	2,930,000	-0-
088. Replace HVAC Slone Building			
Restricted Funds	-0-	2,917,000	-0-
089. Purchase Upgrade - HIS Computing Facility			
Restricted Funds	-0-	2,900,000	-0-
090. Renovate Central Computing Facility			
Restricted Funds	-0-	2,811,000	-0-
091. Install Cooling Secondary Pumping			
Restricted Funds	-0-	2,800,000	-0-
092. Replace Steam Line Main Gate Pit and Anderson Pit			
Restricted Funds	-0-	2,750,000	-0-
093. Renovate DLAR Quarantine Facility at Spindletop			
Restricted Funds	-0-	2,720,000	-0-
094. Renovate Koinonia House			

Restricted Funds	-0-	2,715,000	-0-
095. Construct Alumni Drive Roundabouts			
Restricted Funds	-0-	2,630,000	-0-
096. Upgrade Fume Hood in Sanders Brown - Life Safety			
Restricted Funds	-0-	2,600,000	-0-
097. Purchase Computing Infrastructure Update			
Restricted Funds	-0-	2,500,000	-0-
098. Upgrade Outpatient Surgical Suite - Hospital			
Restricted Funds	-0-	2,500,000	-0-
099. Implement Land Use Plan IV - Hospital			
Restricted Funds	-0-	2,500,000	-0-
100. Renovate Parking Structure #3			
Restricted Funds	-0-	2,500,000	-0-
101. Renovate 3rd Floor Little Library			
Restricted Funds	-0-	2,500,000	-0-
102. Renovate Research Labs in Medical Center IV			
Restricted Funds	-0-	2,500,000	-0-
103. Replace Central Fire Alarm System			
Restricted Funds	-0-	2,500,000	-0-
104. Improve Spindletop Hall Facility Capital Renewal			
Restricted Funds	-0-	2,450,000	-0-
105. Multi-Care Clinic Building - Design			
Restricted Funds	-0-	2,200,000	-0-
106. Replace Chemistry Physics Ductwork			
Restricted Funds	-0-	2,200,000	-0-
107. Expand Animal Science Research Center Phase II - Design			
Restricted Funds	-0-	2,200,000	-0-

108. Replace Steam Line MC Htg - Hospital Drive Pit 2

Restricted Funds	-0-	2,114,000	-0-

109. Expand Plant Capacity Infrastructure - Design

Restricted Funds	-0-	2,040,000	-0-

110. Upgrade PACS System

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

111. Replace Radiology Information System

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

112. Upgrade Outpatient Services - Hospital

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

113. Upgrade Clinical Services - Hospital

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

114. Renovate Hospital Nursing Unit

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

115. Expand Outpatient Radiology - Hospital

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

116. Construct Physicians Services Facilities - Hospital

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

117. Construct Cancer Education Facility - Hospital

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

118. Upgrade Air Handling Units - Medical Center Campus

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

119. Renovate Research Labs in Medical Center III

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

120. Construct New Housing

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

121. Renovate Taylor Education Building - Design

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

122. Expand Cancer Infusion Suites

Restricted Funds	-0-	1,964,000	-0-

123. Replace Air Handling Units in Research #1

Restricted Funds	-0-	1,935,000	-0-

124. Construct University Conference Center

Restricted Funds	-0-	1,900,000	-0-

125. Expand/Renovate Art Museum Singletary Center - Design

Restricted Funds	-0-	1,900,000	-0-

126. Install Pollution Controls

Restricted Funds	-0-	1,900,000	-0-

127. Implement Medication Bar Coding System

Restricted Funds	-0-	1,750,000	-0-

128. Replace Master Clock and Bell System

Restricted Funds	-0-	1,750,000	-0-

129. Renovate King Library South - 1962 Section

Restricted Funds	-0-	1,700,000	-0-

130. Renovate Graduate Education & Research Space in Nursing

Restricted Funds	-0-	1,700,000	-0-

131. Replace Steam Line Lime Tunnel - POT Tunnel

Restricted Funds	-0-	1,606,000	-0-

132. Renovate Cooper House

Restricted Funds	-0-	1,600,000	-0-

133. Improve Oswald Building

Restricted Funds	-0-	1,600,000	-0-

134. Construct Horticultural Research & Education Facility

Restricted Funds	-0-	1,600,000	-0-

135. Lease-Purchase Network Security Hardware

Restricted Funds	-0-	1,500,000	-0-

136. Upgrade Utility Systems VI - Hospital

Restricted Funds	-0-	1,500,000	-0-

137. Upgrade Diagnostic Services XI - Hospital

Restricted Funds	-0-	1,500,000	-0-

138. Install Chilled Water Pipe - Cooling Plant 2 to Pit

Restricted Funds	-0-	1,500,000	-0-

139. Renovate Research Labs in Medical Center I

Restricted Funds	-0-	1,500,000	-0-

140. Renovate Dentistry Class Lab

Restricted Funds	-0-	1,475,000	-0-

141. Replace Mathew's Building HVAC

Restricted Funds	-0-	1,438,000	-0-

142. Renovate King Library South - 1930 Section Design

Restricted Funds	-0-	1,400,000	-0-

143. Environmental Institute - Design

Restricted Funds	-0-	1,392,000	-0-

144. Modify Nursing Unit XI - Hospital

Restricted Funds	-0-	1,390,000	-0-

145. Upgrade Nutrition Services II - Hospital

Restricted Funds	-0-	1,278,000	-0-

146. Renovate Imaging Center II

Restricted Funds	-0-	1,257,000	-0-

147. Fit-up Gill Building Ground Floor - Hospital

Restricted Funds	-0-	1,250,000	-0-

148. Construct UK Paducah Engineering Research Center

Restricted Funds	-0-	1,230,000	-0-
149. Improve Storm Sewer Funkhouser			
Restricted Funds	-0-	1,225,000	-0-
150. Renovate Clinical Teaching Space in Nursing Building			
Restricted Funds	-0-	1,220,000	-0-
151. Install Fetal Monitoring Information System			
Restricted Funds	-0-	1,200,000	-0-
152. Lease-Purchase Enterprise Storage System			
Restricted Funds	-0-	1,200,000	-0-
153. Replace Air Handling Unit II - Roach			
Restricted Funds	-0-	1,200,000	-0-
154. Replace Air Handling Unit I - Roach			
Restricted Funds	-0-	1,200,000	-0-
155. Renovate COM Administrative Offices			
Restricted Funds	-0-	1,200,000	-0-
156. Improve Exterior Lighting Phase I			
Restricted Funds	-0-	1,200,000	-0-
157. Create Universal Nursing Unit - Hospital			
Restricted Funds	-0-	1,180,000	-0-
158. Purchase Managed Care Enterprise			
Restricted Funds	-0-	1,160,000	-0-
159. Replace Three Elevators MI King South			
Restricted Funds	-0-	1,130,000	-0-
160. Upgrade Communications Services - Hospital			
Restricted Funds	-0-	1,126,000	-0-
161. Upgrade Building Entrances Safety & Security			
Restricted Funds	-0-	1,100,000	-0-

162. Install Chilled Water Additions General Campus

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

163. Purchase Communications Infrastructure in Young Library

Restricted Funds	-0-	1,014,000	-0-

164. Implement Automated Bed Management System

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

165. Upgrade Support Services II - Hospital

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

166. Upgrade Diagnostic Services XII - Hospital

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

167. Upgrade Transport Systems - Medical Center Campus

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

168. Replace Agr. North Primary Electrical Service

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

169. Lease-Purchase Fire Suppression Upgrade

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

170. Construct Parking Structure - Central Campus

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

171. Expand West KY Research & Education Center - Design

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

172. Renovate College of Public Health Building - Design

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

173. Renovate Reynolds Building - Design

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

174. Parking Structure - North Campus - Design

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

175. Renovate Barker Hall - Design

Restricted Funds	-0-	1,000,000	-0-
176. Renovate Slone Building - Design			
Restricted Funds	-0-	1,000,000	-0-
177. Upgrade Sound System for the Singletary Center			
Restricted Funds	-0-	1,000,000	-0-
178. Fit-up Education Space in Health Science Building			
Restricted Funds	-0-	1,000,000	-0-
179. Renovate Bowman Hall - Design			
Restricted Funds	-0-	1,000,000	-0-
180. Lease-Purchase UPS System			
Restricted Funds	-0-	941,000	-0-
181. Replace Law Building Marble Facade			
Restricted Funds	-0-	930,000	-0-
182. Upgrade HVAC - CAER Phase III - Life Safety			
Restricted Funds	-0-	910,000	-0-
183. Upgrade Hospital Data Network			
Restricted Funds	-0-	826,000	-0-
184. Replace Hospital Mainframe Computer			
Restricted Funds	-0-	800,000	-0-
185. Implement PACS System in Hospital O. R.			
Restricted Funds	-0-	800,000	-0-
186. Expand Kentucky Clinic Network			
Restricted Funds	-0-	800,000	-0-
187. Purchase Upgrade for Servers			
Restricted Funds	-0-	800,000	-0-
188. Upgrade Building/Site IV - Hospital			
Restricted Funds	-0-	800,000	-0-

189. Upgrade Transport Systems V - Hospital

Restricted Funds	-0-	800,000	-0-

190. Lease-Purchase UPS Upgrade for Communications

Restricted Funds	-0-	800,000	-0-

191. Replace Steam Line Kastle - Chem/Phys Pit 28

Restricted Funds	-0-	775,000	-0-

192. Replace High Voltage Wiring

Restricted Funds	-0-	775,000	-0-

193. Purchase Data Storage Facility Upgrade

Restricted Funds	-0-	750,000	-0-

194. Renovate Public Service Commission Building

Restricted Funds	-0-	750,000	-0-

195. Repair Concrete Phase I General Campus

Restricted Funds	-0-	750,000	-0-

196. Repair Blacktop Phase I General Campus

Restricted Funds	-0-	750,000	-0-

197. Renovate Faculty Office Space in Medical Center

Restricted Funds	-0-	742,000	-0

198. Replace Holmes Elevator

Restricted Funds	-0-	740,000	-0-

199. Upgrade Elevator Controls in Nursing Building

Restricted Funds	-0-	740,000	-0-

200. Renovate Imaging Center I

Restricted Funds	-0-	706,000	-0-

201. Implement On-Site Digital Radiology Archive

Restricted Funds	-0-	700,000	-0-

202. Purchase Upgraded Integrated Library System

Restricted Funds	-0-	700,000	-0-
203. Renovate Medical Records Suite I - Hospital			
Restricted Funds	-0-	700,000	-0-
204. Expand Data Systems III - Hospital			
Restricted Funds	-0-	700,000	-0-
205. Install Medical Center Chilled Water Loop			
Restricted Funds	-0-	700,000	-0-
206. Renovate Hospital Cafeteria			
Restricted Funds	-0-	631,000	-0-
207. Expand Hospital Data Storage			
Restricted Funds	-0-	600,000	-0-
208. Purchase Police Communications Equipment			
Restricted Funds	-0-	600,000	-0-
209. Lease-Purchase Unix Cluster			
Restricted Funds	-0-	600,000	-0-
210. Lease-Purchase Data Warehouse			
Restricted Funds	-0-	600,000	-0-
211. Replace Air Handling Unit Central Computing Facility			
Restricted Funds	-0-	600,000	-0-
212. Upgrade Pilot-Scale Mineral Process Facility			
Restricted Funds	-0-	600,000	-0-
213. Purchase PACS Data Storage Equipment & Software			
Restricted Funds	-0-	500,000	-0-
214. Purchase Data Storage Equipment & Software I			
Restricted Funds	-0-	500,000	-0-
215. Lease-Purchase Tape Library			
Restricted Funds	-0-	500,000	-0-

216. Install Emergency Generator Computing Facility			
Restricted Funds	-0-	500,000	-0-
217. Lab Security Systems Project Pool			
Restricted Funds	-0-	500,000	-0-
218. Improve Indoor Air Quality Phase I - Life Safety			
Restricted Funds	-0-	500,000	-0-
219. Abate Asbestos LC II - Life Safety			
Restricted Funds	-0-	500,000	-0-
220. Purchase Knowledge-Based Transcription			
Restricted Funds	-0-	450,000	-0-
221. Improve Accessibility Project Pool			
Restricted Funds	-0-	437,000	-0-
222. Purchase Consumer Web Interaction System			
Restricted Funds	-0-	400,000	-0-
223. Purchase Knowledge-Based Charting System			
Restricted Funds	-0-	400,000	-0-
224. Purchase Mainframe Computer			
Restricted Funds	-0-	400,000	-0-
225. Purchase Data Center Printers I			
Restricted Funds	-0-	350,000	-0-
226. Purchase Data Center Printers II			
Restricted Funds	-0-	300,000	-0-
227. Purchase Patient Classification Equipment			
Restricted Funds	-0-	260,000	-0-
228. Purchase Data Storage Equipment & Software II			
Restricted Funds	-0-	250,000	-0-
229. Purchase Telecommunications Equipment I			

Restricted Funds	-0-	250,000	-0-
230. Purchase Shared Desktop Environment			
Restricted Funds	-0-	250,000	-0-
231. Lease-Purchase Video Switch Expansion			
Restricted Funds	-0-	250,000	-0-
232. Purchase Telecommunications Equipment II			
Restricted Funds	-0-	200,000	-0-
233. Purchase Fiber Channel Network System			
Restricted Funds	-0-	200,000	-0-
234. Purchase Digital Media Distribution System			
Restricted Funds	-0-	186,000	-0-
235. Purchase Redundant Disk Server System			
Restricted Funds	-0-	170,000	-0-
236. Purchase GIS Remote Sensing Teaching Lab			
Restricted Funds	-0-	160,000	-0-
237. Purchase Network Infrastructure Restructuring			
Restricted Funds	-0-	160,000	-0-
238. Purchase Telecommunications Equipment III			
Restricted Funds	-0-	150,000	-0-
239. Purchase Data Storage Equipment & Software III			
Restricted Funds	-0-	150,000	-0-
240. Purchase IT Security Equipment II			
Restricted Funds	-0-	150,000	-0-
241. Purchase IT Security Equipment I			
Restricted Funds	-0-	150,000	-0-
242. Purchase Compressed Video - Hazard			
Restricted Funds	-0-	141,000	-0-

243. Purchase Integrated Imaging System			
Restricted Funds	-0-	130,000	-0-
244. Law School Building – Design			
Other Funds	-0-	14,920,000	-0-
Restricted Funds	-0-	6,000,000	-0-
TOTAL	-0-	20,920,000	-0-
245. Digital Technologies Building – Design			
Other Funds	-0-	6,410,000	-0-
Restricted Funds	-0-	4,200,000	-0-
TOTAL	-0-	10,610,000	-0-
246. Expand Pence Hall			
Other Funds	-0-	4,300,000	-0-
247. Construct Track and Field Facility			
Other Funds	-0-	7,139,000	-0-
248. Construct Hagan Baseball Stadium Clubhouse			
Other Funds	-0-	4,000,000	-0-
249. Renovate/Expand Boone Faculty Center			
Other Funds	-0-	6,200,000	-0-
250. Seal/Waterproof Commonwealth Stadium Concrete			
Other Funds	-0-	2,500,000	-0-
251. Install Scoreboards Memorial Coliseum/Hagan Stadium			
Other Funds	-0-	1,500,000	-0-
252. Replace Memorial Coliseum Playing Surface			
Other Funds	-0-	725,000	-0-
253. Paint Commonwealth Stadium Steel			
Other Funds	-0-	750,000	-0-
254. Renovate Soccer/Softball Facilities			

Other Funds	-0-	1,400,000	-0-
255. Renovate Practice Instruction Space in Pharmacy			
Other Funds	-0-	1,000,000	-0-
Restricted Funds	-0-	3,310,000	-0-
TOTAL	-0-	4,310,000	-0-
256. Renovate Memorial Coliseum			
Other Funds	-0-	4,731,000	-0-
257. Construct Commonwealth Stadium Suite Addition			
Other Funds	-0-	2,300,000	-0-
258. Construct New Alumni Center			
Other Funds	-0-	17,344,000	-0-
259. Gluck Equine Research Center – Phase II – Design			
Other Funds	-0-	1,500,000	-0-
Restricted Funds	-0-	2,000,000	-0-
TOTAL	-0-	3,500,000	-0-
260. KY Transportation Center Building – Phase I – Design			
Other Funds	-0-	1,500,000	-0-
Federal Funds	-0-	2,500,000	-0-
TOTAL	-0-	4,000,000	-0-
261. Expand Arboretum Visitor Center			
Other Funds	-0-	2,870,000	-0-
262. Biomedical Research Building – Design			
Restricted Funds	-0-	7,600,000	-0-
263. Renovate Student Center Food Court			
Restricted Funds	-0-	1,643,000	-0-
264. Renovate K-Lair Building			
Restricted Funds	-0-	4,650,000	-0-

265. Renovate SECAT Building at Coldstream

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

266. Purchase Furniture and Equipment – Patient Care Facility

Restricted Funds	-0-	27,000,000	-0-

~~[267. Install HVAC - Keeneland Hall~~

~~Agency Bonds~~	~~-0-~~	~~7,013,000~~	~~-0-~~

~~268. Renovate Blazer Hall Cafeteria~~

~~Agency Bonds~~	~~-0-~~	~~3,010,000~~	~~-0-~~ ~~]~~ *(Veto #4)*

269. Fayette County - Administrative - Office Lease

270. Fayette County - Health Affairs - Office Lease 2

271. Fayette County – Health Affairs - Office Lease 3

272. Fayette County - Health Affairs - Office Lease

273. Fayette County - Lease - Blazer Parkway

274. Fayette County - Lease - Med Center Contract

275. Fayette County - Lease - Med Center Off-Campus Facility

276. Fayette County - Lease - Med Center Grant Projects

277. Fayette County - Lease - Pharmacy Contracted Program

278. Fayette County - Lease - Med College Off - Campus Clinic

279. Fayette County - Lease - Kentucky Utilities Building

280. Guaranteed Energy Savings Performance Contracts

9. UNIVERSITY OF LOUISVILLE

001. Construct HSC Research Facility Phase III - Additional

Bond Funds	-0-	69,680,000	-0-

002. Construct Center for Predictive Medicine

Federal Funds	-0-	22,200,000	-0-
Agency Bonds	-0-	13,000,000	-0-
TOTAL	-0-	35,200,000	-0-

003. Renovate Ekstrom Library			
Restricted Funds	-0-	22,081,000	-0-
004. Capital Renewal Pool			
Restricted Funds	-0-	22,000,000	-0-
005. Major Item of Equipment Pool			
Restricted Funds	-0-	100,000	1,700,000
Federal Funds	-0-	7,501,000	3,290,000
Other Funds	-0-	6,250,000	2,470,000
TOTAL	-0-	13,851,000	7,460,000
006. Expand & Renovate - Founders Union Building			
Restricted Funds	-0-	12,190,000	-0-
007. Utility Distribution - South Belknap Campus			
Restricted Funds	-0-	6,821,000	-0-
008. Construct Student Health Facility			
Restricted Funds	-0-	6,650,000	-0-
009. Renovate Kersey Library			
Restricted Funds	-0-	4,630,000	-0-
010. Renovate Medical School Tower - 55A, Phase II			
Restricted Funds	-0-	4,225,000	-0-
011. Purchase Digital Communications System			
Restricted Funds	-0-	4,000,000	-0-
012. Purchase Real Estate Near Health Sciences Campus - Parcel II			
Restricted Funds	-0-	3,875,000	-0-
013. Renovate Code Improvement Pool			
Restricted Funds	-0-	3,191,000	-0-
014. Purchase Networking System			
Restricted Funds	-0-	3,000,000	-0-

015. Purchase Enterprise Application System			
Restricted Funds	-0-	2,000,000	-0-
016. Purchase Computer Processing System			
Restricted Funds	-0-	2,000,000	-0-
017. Expand & Renovate Oppenheimer Hall - Additional Reauthorization ($6,276,000 Restricted Funds)			
Restricted Funds	-0-	1,654,000	-0-
018. Purchase Electronic Research Information System			
Restricted Funds	-0-	1,080,000	-0-
019. Purchase Robotic Telescope System			
Federal Funds	-0-	1,000,000	-0-
020. Purchase Storage System			
Restricted Funds	-0-	1,000,000	-0-
021. Lease Digital Output System			
Restricted Funds	-0-	1,000,000	-0-
022. Lease-Purchase Visualization System			
Restricted Funds	-0-	1,000,000	-0-
023. Purchase Artificial Turf Practice Field Facility			
Restricted Funds	-0-	750,000	-0-
024. Housing Capital Renewal Pool			
Restricted Funds	-0-	710,000	-0-
025. Purchase Health Research Data System			
Restricted Funds	-0-	700,000	-0-
026. Renovate Natural Science Building - Additional Reauthorization ($12,840,000 Restricted Funds)			
Restricted Funds	-0-	540,000	-0-
027. Shelby Campus Dormitories Demolition			

Restricted Funds	-0-	436,000	-0-
028. Purchase New Computers for CBPA			
Restricted Funds	-0-	300,000	-0-
029. Purchase PCs, Printers, Scanners			
Restricted Funds	-0-	200,000	-0-
030. Purchase Linux Cluster Computer System			
Restricted Funds	-0-	125,000	-0-
031. Renovate Chemistry Fume Hood Redesign, Phase II - Additional Reauthorization ($4,534,000 Restricted Funds)			
Restricted Funds	-0-	76,000	-0-
032. Construct Athletic Academic Support Facility			
Other Funds	-0-	5,000,000	-0-
033. Construct Boathouse for Women's Rowing Program			
Other Funds	-0-	2,947,000	-0-
034. Construct Cardinal Club Golf Practice Facility			
Other Funds	-0-	685,000	-0-
035. Construct Diversity Center for Excellence			
Other Funds	-0-	-0-	5,898,000
036. Construct Executive MBA/Business Program			
Other Funds	-0-	6,040,000	-0-
Restricted Funds	-0-	20,500,000	-0-
TOTAL	-0-	26,540,000	-0-
037. Construct Glass and Visual Arts Research Center			
Other Funds	-0-	3,015,000	-0-
038. Construct Eastern Parkway Improvement			
Restricted Funds	-0-	2,200,000	-0-
039. Expand Tragar Field Hockey Stadium			

Other Funds	-0-	3,200,000	-0-
040. Expand and Renovate Dental School			
Other Funds	-0-	2,000,000	-0-
Restricted Funds	-0-	35,170,000	-0-
TOTAL	-0-	37,170,000	-0-
041. Purchase Support Service Land (Northeast Quad)			
Restricted Funds	-0-	5,095,000	-0-
042. Renovate PJCS Scoreboard/Video Replacement			
Other Funds	-0-	1,800,000	-0-
043. Renovate Life Sciences Building			
Restricted Funds	-0-	18,240,000	-0-
~~[044. Construct Basketball Practice Facility, Phase II~~			
~~Agency Bonds~~	~~-0-~~	~~16,140,000~~	~~-0-~~
~~045. Construct HSC Parking Structure II~~			
~~Agency Bonds~~	~~-0-~~	~~26,113,000~~	~~-0-~~
~~046. Renovate Miller Hall~~			
~~Agency Bonds~~	~~-0-~~	~~11,541,000~~	~~-0-~~
~~047. Renovate Medical/Dental Research Building, Phase IV~~			
~~Agency Bonds~~	~~-0-~~	~~19,800,000~~	~~-0-~~] *(Veto #4)*
048. Construct Utilities, Remove Overhead Lines			
Reauthorization ($3,194,000 Restricted Funds)			
049. Expand Ambulatory Care Building Academic Addition			
Reauthorization ($43,061,800 Restricted Funds)			
050. Purchase Real Estate Near HSC and Renovate Offices			
Reauthorization ($20,500,000 Restricted Funds)			
051. Renovate Shelby Campus Infrastructure			
Reauthorization ($8,740,000 Restricted Funds)			

052. Jefferson County - Lease

053. Medical Center One - Lease

054. Guaranteed Energy Savings Performance Contracts

10. WESTERN KENTUCKY UNIVERSITY

001. Renovate Academic/Athletic #2

Restricted Funds	-0-	2,000,000	-0-
Agency Bonds	-0-	25,500,000	-0-
Other Funds	-0-	1,000,000	-0-
TOTAL	-0-	28,500,000	-0-

~~[002. Renovate Science Campus Phase III~~

~~Bond Funds~~	~~-0-~~	~~9,000,000~~	~~-0-~~

~~003. Construct Materials Characterization/ICSET Phase II~~

~~Bond Funds~~	~~-0-~~	~~4,500,000~~	~~-0-~~ ~~]~~ *(Veto #4)*

004. Construct Agriculture Research Services Lab

Federal Funds	-0-	22,825,000	-0-

005. Capital Projects Pool

Restricted Funds	-0-	10,195,000	-0-

~~[006. Replace Building Ford College Business - Grise Hall, Phase I~~

~~Bond Funds~~	~~-0-~~	~~5,800,000~~	~~-0-~~ ~~]~~ *(Veto #4)*

007. Renovate Electrical Distribution - Phase V

Restricted Funds	-0-	4,500,000	-0-

008. Renovate Downing University Center

Restricted Funds	4,320,000	-0-	-0-

009. Renovation & Expansion of Carroll Knicely Center

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

010. Replace Steam Line

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

011. Purchase Property for Campus Expansion

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

012. Upgrade IT Infrastructure

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

013. Construct Central Reg. Postsecondary Education Center Phase II

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

014. Renovate Environmental Science & Technology HVAC & Electrical System

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

015. Renovate Academic Complex Phase I

Restricted Funds	-0-	1,323,000	-0-

016. Renovate Agriculture Expo Center HVAC System

Restricted Funds	-0-	930,000	-0-

017. Convert WKYU-NPR-and WKYU-PS to Digital

Restricted Funds	-0-	500,000	-0-

018. Renovation of Faculty House

Restricted Funds	-0-	500,000	-0-

019. Replace College of Education Building - Tate Page Hall

Bond Funds	-0-	35,000,000	-0-

~~[020. Acquire Property and Construct Parking Lots~~

~~Agency Bonds~~	~~-0-~~	~~4,000,000~~	~~-0-~~

~~021. Expand Preston Center~~

~~Agency Bonds~~	~~-0-~~	~~10,000,000~~	~~-0-~~ ~~]~~ *(Veto #4)*

022. Construct Mesonet Weather Monitoring System

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

~~[023. Van Meter Hall Renovation~~

~~Agency Bonds~~	~~-0-~~	~~16,000,000~~	~~-0-~~

~~024. Ivan Wilson Fine Arts Center Expansion~~

~~Agency Bonds -0- 8,000,000 -0-~~] *(Veto #4)*

025. Guaranteed Energy Savings Performance Contracts

11. KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM

001. Advanced Manufacturing Technology Center - Gateway Community and Technical College - Design

Bond Funds	-0-	28,000,000	-0-

002. Construct Emerging Technology Center - West KY CTC

Bond Funds	-0-	16,518,000	-0-

003. Construct Allied Health/Technical Education Building - Laurel Campus

Bond Funds	-0-	14,015,000	-0-

004. Major Item of Equipment Pool

Restricted Funds	-0-	22,717,000	-0-

005. Capital Renewal Pool

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

006. Complete Acquisition of System Office & Expansion

Restricted Funds	-0-	10,000,000	-0-

007. Land Acquisition Pool

Restricted Funds	-0-	5,500,000	-0-

008. Construct Administration Building, Phase I - Maysville CC

Bond Funds	-0-	5,008,000	-0-

009. Construct Licking Valley Center Phase II - Maysville CTC - Additional

Restricted Funds	-0-	3,459,000	-0-
[~~Bond Funds~~	~~-0-~~	~~1,000,000~~	~~-0-~~] *(Veto #4)*
Other Funds	-0-	1,500,000	-0-
TOTAL	-0-	5,959,000	-0-

010. Renovate Gray Building - Madisonville CC

Restricted Funds	-0-	3,600,000	-0-

011. Renovate KY School of Craft - Hazard CTC

Restricted Funds	-0-	2,649,000	-0-
Federal Funds	-0-	250,000	-0-
TOTAL	-0-	2,899,000	-0-

012. Construct Child Development Center - Henderson CC

Federal Funds	-0-	250,000	-0-
Other Funds	-0-	2,385,000	-0-
TOTAL	-0-	2,635,000	-0-

013. Renovate Anderson Building - West KY CTC

Restricted Funds	-0-	1,395,000	-0-

014. Renovate Simulated Mine - Harlan Campus

Restricted Funds	-0-	1,380,000	-0-

015. Greenspace Development - Big Sandy CTC Mayo Campus

Restricted Funds	-0-	1,083,000	-0-

016. Renovate Administrative Building - Whitesburg Campus SEKYCTC

Restricted Funds	-0-	898,000	-0-

017. Renovate Administrative Building - Elizabethtown CTC

Restricted Funds	-0-	850,000	-0-

018. Master Plan Development & Upgrade Pool

Restricted Funds	-0-	850,000	-0-

019. Pedestrian/Vehicular Connector - Somerset Community College - Additional

Restricted Funds	-0-	649,000	-0-

020. Bluegrass CTC - Winchester Facility

Other Funds	-0-	500,000	-0-

021. KCTCS Information Technology Infrastructure Upgrade

Reauthorization ($12,000,000 Restricted Funds)

022. Scott County - Lease

023. Woodford County -City of Versailles - Lease-Purchase

024. Jefferson County - Lease

025. Henderson County - Lease

026. Guaranteed Energy Savings Performance Contracts

027. Construct Science/Allied Health Building - Jefferson CTC

Bond Funds	-0-	25,557,000	-0-

028. Construct Central Regional Postsecondary Education Center Phase II - Elizabethtown CTC

Bond Funds	-0-	20,000,000	-0-

029. Madisonville Postsecondary Education Center - Design

General Fund	-0-	300,000	-0-

030. Advance Manufacturing Center - Design - Bluegrass CTC

Bond Funds	-0-	1,500,000	-0-

031. Franklin Technology Center - Expansion

Bond Funds	-0-	2,700,000	-0-

~~[032. Construct Carrollton Campus - Jefferson CTC~~

~~Bond Funds~~	~~-0-~~	~~12,000,000~~	~~-0-~~ ~~]~~ *(Veto #4)*

033. Construct Tech Drive Campus, Phase III - Ashland CTC

Bond Funds	-0-	17,600,000	-0-

~~[034. Energy and Advanced Technology Center - Madisonville CTC~~

~~Bond Funds~~	~~-0-~~	~~4,000,000~~	~~-0-~~ ~~]~~ *(Veto #4)*

035. Springfield Community and Technical College

Bond Funds	-0-	14,500,000	-0-

036. McCreary Center - Somerset CC

Bond Funds	-0-	6,500,000	-0-

037. Mercer County Technical Center

Bond Funds	-0-	4,000,000	-0-

~~[038. Advanced Technology Center - Owensboro CTC~~

~~Bond Funds -0- 14,055,000 -0-~~

~~039. Rowan County Campus - Maysville CTC - Design~~

~~Bond Funds -0- 1,500,000 -0-~~] *(Veto #4)*

L. TRANSPORTATION CABINET

Budget Unit	**2006-07**	**2007-08**
1. GENERAL ADMINISTRATION AND SUPPORT		
001. Kentucky State Parks Road Maintenance		
Road Fund	1,500,000	1,500,000
002. Horse Park Roads		
Road Fund	2,300,000	-0-
003. Various Environmental Compliance		
Road Fund	1,000,000	1,000,000
004. Repair Loadometer & Rest Areas		
Road Fund	900,000	600,000
005. Building Renovations & Emergency Repairs		
Road Fund	500,000	500,000
006. Construct Spencer County Maintenance Facility & Salt Storage Structure		
Road Fund	-0-	910,000
007. Construct Larue County Maintenance Facility & Salt Storage Structure		
Road Fund	-0-	910,000
008. Videologging Roadway Features System		
Federal Funds	640,000	-0-
Road Fund	160,000	-0-
TOTAL	800,000	-0-
009. Replace HVAC - Flemingsburg District Office		
Road Fund	800,000	-0-

010.	HVAC Maintenance & Repair		
	Road Fund	400,000	400,000
011.	Construct or Repair Salt Storage Structures		
	Road Fund	225,000	225,000
012.	Purchase Lab Equipment		
	Road Fund	400,000	-0-
013.	Replace Overhead Doors and Emergency Repairs		
	Road Fund	200,000	200,000
014.	Construct Various Maintenance Facilities - Secondary Structures		
	Road Fund	150,000	150,000
015.	Painting & Roof Repair or Replacement		
	Road Fund	150,000	150,000
016.	Conduct Paving and Landscaping		
	Road Fund	100,000	100,000
017.	Water and Wastewater Projects		
	Road Fund	100,000	100,000
018.	Building Demolition & Disposal		
	Road Fund	100,000	-0-
019.	Remove Hazardous Materials		
	Road Fund	50,000	50,000

~~[**M. 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 comprised of estimated receipts for fiscal year 2006-2007 and fiscal year 2007-2008 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 Governor's Office for Local Development.~~

~~**(2) Water and Sewer Projects:** The following projects that are related to water and sewer shall be administered by the Kentucky Infrastructure Authority.~~

~~**1. GENERAL GOVERNMENT**~~

~~a. Budget Unit Governor's Office for Local Development~~	~~2006-07~~	~~2007-08~~
~~**Bell County**~~		
~~001. Bell County Board of Education - Bell County High School - Agriculture Advancement Council for a No-Till Seeder~~		
~~Restricted Funds~~	~~5,000~~	~~-0-~~
~~002. Bell County Board of Education - Projects~~		
~~Restricted Funds~~	~~5,000~~	~~10,000~~
~~003. Bell County Fiscal Court - Bell County Homeless and Housing Council - Land and/or Supplies~~		
~~Restricted Funds~~	~~10,000~~	~~10,000~~
~~004. Bell County Fiscal Court - Bell County Industrial Foundation - Completion of Infrastructure~~		

~~Restricted Funds 125,000 125,000~~

~~005. Bell County Fiscal Court - Bell County Little League - Equipment and/or Field Improvements~~

~~Restricted Funds 5,000 5,000~~

~~006. Bell County Fiscal Court - Bell County Public Library - Furnishing and Equipment~~

~~Restricted Funds 20,000 20,000~~

~~007. Bell County Fiscal Court - Bell County Rescue Squad - Operations~~

~~Restricted Funds 10,000 10,000~~

~~008. Bell County Fiscal Court - Bell County Senior Citizens - Operations~~

~~Restricted Funds 5,000 5,000~~

~~009. Bell County Fiscal Court - Bell County Sheriff Department - Vehicles and/or Equipment~~

~~Restricted Funds 25,000 35,000~~

~~010. Bell County Fiscal Court - Bell County Volunteer Fire Department - Construction of New Fire Station at Arjay~~

~~Restricted Funds 25,000 25,000~~

~~011. Bell County Fiscal Court - County Clerk - Equipment~~

~~Restricted Funds 5,000 5,000~~

~~012. Bell County Fiscal Court - Frakes Senior Citizens - Operations~~

~~Restricted Funds 2,500 2,500~~

~~013. Bell County Fiscal Court - Middlesboro Little League and Tee Ball - Equipment and/or Field~~

~~Improvement~~		
~~Restricted Funds~~	~~5,000~~	~~5,000~~
~~014. Bell County Fiscal Court - Projects and/or Equipment~~		
~~Restricted Funds~~	~~325,000~~	~~390,000~~
~~015. Bell County Fiscal Court - Red Bird Senior Citizens - Operations~~		
~~Restricted Funds~~	~~2,500~~	~~2,500~~
~~016. Bell County Fiscal Court - The Lighthouse Mission - Operations and/or Equipment~~		
~~Restricted Funds~~	~~20,000~~	~~20,000~~
~~017. Bell County Fiscal Court - Two New Ambulances~~		
~~Restricted Funds~~	~~80,000~~	~~80,000~~
~~018. City of Middlesboro - Fire Department - Turn Out Gear~~		
~~Restricted Funds~~	~~25,000~~	~~-0-~~
~~019. City of Middlesboro - Police Department and/or Equipment~~		
~~Restricted Funds~~	~~25,000~~	~~-0-~~
~~020. City of Middlesboro - Project and/or Equipment~~		
~~Restricted Funds~~	~~25,000~~	~~25,000~~
~~021. City of Pineville - Fire Department - Equipment~~		
~~Restricted Funds~~	~~-0-~~	~~10,000~~
~~022. City of Pineville - Projects and/or Equipment~~		
~~Restricted Funds~~	~~30,000~~	~~-0-~~
~~023. Middlesboro Board of Education - Projects~~		
~~Restricted Funds~~	~~20,000~~	~~-0-~~
~~024. Pineville Board of Education - Projects~~		

~~Restricted Funds~~	~~20,000~~	~~-0-~~
~~025. Bell County Board of Education - K-6 Little League Football Equipment~~		
~~Restricted Funds~~	~~5,000~~	~~-0-~~
~~026. Pineville Independent School Board - Pineville City Schools - K-6 Little League Football Equipment~~		
~~Restricted Funds~~	~~5,000~~	~~-0-~~
~~027. Middlesboro Independent School Board - Middlesboro City Schools - K-6 Little League Football Equipment~~		
~~Restricted Funds~~	~~5,000~~	~~-0-~~
~~028. Bell County Fiscal Court - Cemetery Fund - Operations and/or Equipment~~		
~~Restricted Funds~~	~~-0-~~	~~10,000~~
~~029. Bell County Fiscal Court - PVA - Equipment~~		
~~Restricted Funds~~	~~5,000~~	~~5,000~~
~~030. Bell County Fiscal Court - Dewey Guy Post - Expense for Conducting Military Funerals~~		
~~Restricted Funds~~	~~5,000~~	~~-0-~~
~~031. Bell County Health Department - Equipment and/or Supplies~~		
~~Restricted Funds~~	~~5,000~~	~~5,000~~
~~032. Bell County Fiscal Court - The KY Homeplace - Equipment and/or Supplies~~		
~~Restricted Funds~~	~~5,000~~	~~5,000~~
~~033. Bell County Fiscal Court - Frakes Volunteer Fire Department - Operations and/or Equipment~~		

~~Restricted Funds 5,000 5,000~~

~~034. Bell County Fiscal Court - Airport Improvements~~

~~Restricted Funds -0- 10,000~~

~~035. Bell County Fiscal Court - Bell County Veterans~~

~~Park - Construction of Restrooms~~

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

~~036. City of Pineville - Police Department -~~

~~Equipment / Vehicles~~

~~Restricted Funds -0- 20,000~~

~~**Boyd County**~~

~~001. Ashland Independent Board of Education -~~

~~Facility Upgrades and Improvements~~

~~Restricted Funds 40,000 40,000~~

~~002. Boyd County Board of Education - Facility~~

~~Improvements and Upgrades - Boyd County~~

~~Soccer Complex - Lights, Fencing and Other~~

~~Related Enhancements and Improvements~~

~~Restricted Funds 80,000 -0-~~

~~003. Boyd County Fiscal Court - Fair - Building and~~

~~Ground Improvements~~

~~Restricted Funds -0- 10,000~~

~~004. Boyd County Fiscal Court - Fannin Park - Improvements~~

~~Restricted Funds -0- 10,000~~

~~005. Boyd County Fiscal Court - Fraley Fields - Improvements~~

~~Restricted Funds -0- 10,000~~

~~006. City of Catlettsburg - Infrastructure and Other Improvements~~

~~Restricted Funds -0- 26,004~~

~~007. Fairview Board of Education - Facility Upgrades~~
~~and Improvements~~
~~Restricted Funds 40,000 40,000~~

~~**Breathitt County**~~

~~001. Breathitt County Board of Education - Drain Tile~~
~~for Landfill Between Breathitt County High School~~
~~and Highway 15~~
~~Restricted Funds -0- 200,000~~

~~002. Breathitt County Board of Education - Purchasing,~~
~~Remodeling and Improving Property of Montessori~~
~~School Currently Owned by Buckhorn Childrens Home~~
~~Restricted Funds 300,000 -0-~~

~~003. Breathitt County Fiscal Court - Hazard Community~~
~~College/Lees College Campus - Breathitt County~~
~~Intergenerational Center~~
~~Restricted Funds -0- 500,000~~

~~004. Breathitt County Water District - Canoe Water Line~~
~~Restricted Funds 241,050 -0-~~

~~005. Buckhorn Water District - Water Line Extensions~~
~~on Bowlings Creek Road and Bushes Branch Road~~
~~Restricted Funds 241,050 -0-~~

~~006. City of Jackson - Doughitt Park~~
~~Restricted Funds 50,000 -0-~~

~~007. Breathitt County Fiscal Court - Breathitt County~~
~~Court Clerk's Office - Equipment~~
~~Restricted Funds 25,000 -0-~~

~~008. Jackson Independent Board of Education - Jackson~~

~~City School System - Science Lab, PE Lockers, and~~

~~Other School Equipment~~

~~Restricted Funds 100,000 -0-~~

~~009. UK Center for Rural Health - KY Homeplace / SKYCAP~~

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

~~010. Breathitt County Fiscal Court - Hazard Community~~

~~College - Lees College Campus - Family Life Skills Center~~

~~Restricted Funds -0- 26,500~~

~~**Butler County**~~

~~001. Butler County Fiscal Court - Audio Speaker~~

~~System for Butler County Courthouse~~

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

~~002. Butler County Fiscal Court - Boys and Girls~~

~~Youth Program~~

~~Restricted Funds 3,500 -0-~~

~~**Carter County**~~

~~001. Carter County Board of Education - East Carter High~~

~~School - Tennis Courts~~

~~Restricted Funds -0- 40,000~~

~~002. Carter County Board of Education - West Carter~~

~~Middle School - Soccer Field Lights~~

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

~~003. Carter County Fiscal Court - Carter City Fire~~

~~Department - Equipment and Operations~~

~~Restricted Funds 10,000 10,000~~

~~004. Carter County Fiscal Court - Carter County~~

~~Recreation - Park Development~~

~~Restricted Funds 20,000 10,000~~

~~005. Carter County Fiscal Court - First Response Unit - EMS~~

~~Restricted Funds 50,000 -0-~~

~~006. Carter County Fiscal Court - Grahn Community~~

~~Center - Operating Costs~~

~~Restricted Funds 3,000 3,000~~

~~007. Carter County Fiscal Court - Grahn Fire Department -~~

~~Equipment and Operations~~

~~Restricted Funds 10,000 10,000~~

~~008. Carter County Fiscal Court - Grayson Fire Department -~~

~~Equipment and Operations~~

~~Restricted Funds 10,000 10,000~~

~~009. Carter County Fiscal Court - Hitchins Fire Department -~~

~~Equipment and Operations~~

~~Restricted Funds 10,000 10,000~~

~~010. Carter County Fiscal Court - Olive Hill Fire Department -~~

~~Equipment and Operations~~

~~Restricted Funds 25,000 25,000~~

~~011. Carter County Fiscal Court - Repair Affair Grayson -~~

~~Equipment and Supplies~~

~~Restricted Funds 3,000 3,000~~

~~012. Carter County Fiscal Court - Search and Rescue -~~

~~Operations and Equipment~~

~~Restricted Funds 2,500 2,500~~

~~013. Carter County Fiscal Court - Veterans Association -~~

~~Main Street Park Project~~

~~Restricted Funds 30,000 30,000~~

~~014. Carter County Fiscal Court - Webbville Fire Department -~~
~~Operations and Equipment~~
~~Restricted Funds 3,000 3,000~~
~~015. City of Grayson - Downtown Beautification - Sidewalk~~
~~and Lighting - Improvements~~
~~Restricted Funds 15,000 15,000~~
~~016. City of Olive Hill - Downtown Beautification -~~
~~Brown Park - Sidewalk and Lighting - Improvements~~
~~Restricted Funds 25,000 25,000~~
~~017. City of Olive Hill - Olive Hill Historical Society -~~
~~High School Restoration Project~~
~~Restricted Funds 25,000 25,000~~

~~**Christian County**~~

~~001. Christian County Fiscal Court - New Salvation~~
~~Army Building~~
~~Restricted Funds 151,841 -0-~~

~~**Clay County**~~

~~001. City of Manchester - Street Scape~~
~~Restricted Funds 280,000 280,000~~
~~002. Clay County Fiscal Court - B-School -~~
~~Renovations and Park~~
~~Restricted Funds 40,000 -0-~~
~~003. Clay County Fiscal Court - Community Wellness~~
~~Program - Laurel Creek~~
~~Restricted Funds 12,000 -0-~~
~~004. Clay County Board of Education - Renovation of Pinhook School~~
~~Restricted Funds 15,000 -0-~~

~~**Crittenden County**~~

~~001. Crittenden County Fiscal Court - Clement Mineral Museum - Renovation and Repair~~

~~Restricted Funds 20,000 -0-~~

~~002. Crittenden County Fiscal Court - Crittenden County Animal Shelter - Construction~~

~~Restricted Funds 40,000 -0-~~

~~003. Crittenden County Fiscal Court - Crittenden County Emergency Services Building - Property Purchase and Construction~~

~~Restricted Funds 375,000 -0-~~

~~004. Crittenden County Fiscal Court - Senior Citizens Center - Expansion~~

~~Restricted Funds 65,000 -0-~~

~~**Daviess County**~~

~~001. Daviess County Fiscal Court - Broadband Initiatives~~

~~Restricted Funds 100,000 -0-~~

~~002. Daviess County Fiscal Court - Economic Development Incentives~~

~~Restricted Funds 50,000 -0-~~

~~003. Daviess County Fiscal Court - Highway 144 Road Project~~

~~Restricted Funds 300,000 -0-~~

~~**Elliott County**~~

~~001. City of Sandy Hook - Downtown Beautification, Building Purchase, Sidewalk, Street Repairs and other Upgrades and Improvements~~

~~Restricted Funds 25,000 25,000~~

~~002. Elliott County Board of Education - Athletic Facility Improvements and Upgrades, Ground Improvements, Wellness Equipment and other Related Athletic Department Enhancements~~

~~Restricted Funds 20,000 20,000~~

~~003. Elliott County Board of Education - Building and Ground Improvements, Program, Curriculum, Enhancements and other Upgrades~~

~~Restricted Funds 20,000 25,000~~

~~004. Elliott County Board of Education - Elliott County Public Library - Equipment, Materials, Program Enhancements, Operations and other Library Improvements~~

~~Restricted Funds 20,000 20,000~~

~~005. Elliott County Board of Education - Isonville Elementary - Facility and Ground Improvements, Technology Upgrades, Curriculum, Program and other Enhancements, Physical Fitness and Playground Equipment Upgrades~~

~~Restricted Funds 10,000 10,000~~

~~006. Elliott County Board of Education - Lakeside Elementary - Facility and Ground Improvements, Technology Upgrades, Curriculum, Program and other Enhancements, Physical Fitness and Playground Equipment Upgrades~~

~~Restricted Funds 10,000 10,000~~

~~007. Elliott County Board of Education - Sandy Hook Elementary - Facility and Ground Improvements, Technology Upgrades, Curriculum, Program and other Enhancements, Physical Fitness and Playground Equipment Upgrades~~

~~Restricted Funds 10,000 10,000~~

~~008. Elliott County Fiscal Court - 504 Volunteer Fire Department - Equipment, Building and Ground Improvements, and Other Enhancements~~

~~Restricted Funds 10,000 15,000~~

~~009. Elliott County Fiscal Court - Elliott County Fire and Rescue - Equipment, Building and Ground Improvements, and Other Enhancements~~

~~Restricted Funds 10,000 15,000~~

~~010. Elliott County Fiscal Court - Isonville Volunteer Fire Department - Equipment, Building and Ground Improvements, and other Enhancements~~

~~Restricted Funds 10,000 15,000~~

~~011. Elliott County Fiscal Court - Laurel Gorge Cultural and Heritage Center - Facility and Ground Improvements, Equipment, Materials, Operations and other Upgrades~~

~~Restricted Funds 20,000 20,000~~

~~012. Elliott County Fiscal Court - New Ambulance - Elliott County Ambulance Service~~

~~Restricted Funds 30,000 -0-~~

~~**Floyd County**~~

~~001. City of Allen - Ball Park - Improvements~~

~~Restricted Funds 20,000 -0-~~

~~002. Floyd County Board of Education - Allen Central~~

~~High School - Academic and Athletic Program/Athletic~~

~~Teams - Equipment and Educational Support~~

~~Restricted Funds -0- 50,000~~

~~003. Floyd County Board of Education - Betsy Layne High~~

~~School - Academic and Athletic Program/Athletic~~

~~Teams - Equipment and Educational Support~~

~~Restricted Funds -0- 50,000~~

~~004. Floyd County Board of Education - Prestonsburg~~

~~High School - Academic and Athletic Program/~~

~~Athletic Teams - Equipment and Educational Support~~

~~Restricted Funds -0- 50,000~~

~~005. Floyd County Board of Education - South Floyd High~~

~~School - Academic and Athletic Program/Athletic~~

~~Teams - Equipment and Educational Support~~

~~Restricted Funds -0- 50,000~~

~~006. Floyd County Fiscal Court - Allen Fire Department -~~

~~Equipment/Operations~~

~~Restricted Funds 2,600 2,600~~

~~007. Floyd County Fiscal Court - Appalachian Regional~~

~~Health Care - Facility Upgrades and Construction -~~

~~Regional, Technology and Business Center~~

~~Restricted Funds 100,000 -0-~~

~~008. Floyd County Fiscal Court - Auxier Fire~~

~~Department - Equipment/Operations~~

~~Restricted Funds~~	~~2,600~~	~~2,600~~
~~009. Floyd County Fiscal Court - Betsy Layne~~		
~~Fire Department - Equipment/Operations~~		
~~Restricted Funds~~	~~2,600~~	~~2,600~~
~~010. Floyd County Fiscal Court - Book Mobile - Vehicle~~		
~~Restricted Funds~~	~~-0-~~	~~75,000~~
~~011. Floyd County Fiscal Court - Comb's Airport -~~		
~~Runway and Safety Improvements~~		
~~Restricted Funds~~	~~50,000~~	~~-0-~~
~~012. Floyd County Fiscal Court - Coroner - Vehicle~~		
~~Restricted Funds~~	~~-0-~~	~~30,000~~
~~013. Floyd County Fiscal Court - Cow Creek~~		
~~Fire Department - Equipment/Operations~~		
~~Restricted Funds~~	~~2,600~~	~~2,600~~
~~014. Floyd County Fiscal Court - David Area~~		
~~Fire Department - Equipment/Operations~~		
~~Restricted Funds~~	~~2,600~~	~~2,600~~
~~015. Floyd County Fiscal Court - Disabled American~~		
~~Veterans Post 169 - Equipment and Improvements~~		
~~Restricted Funds~~	~~6,666~~	~~6,666~~
~~016. Floyd County Fiscal Court - Disabled American~~		
~~Veterans Post 18 - Equipment and Improvements~~		
~~Restricted Funds~~	~~6,666~~	~~6,666~~
~~017. Floyd County Fiscal Court - Disabled American~~		
~~Veterans Post 5839 - Equipment and Improvements~~		
~~Restricted Funds~~	~~6,666~~	~~6,666~~
~~018. Floyd County Fiscal Court - Drift Park - Improvements~~		

~~Restricted Funds~~	~~30,000~~	~~70,000~~
~~019. Floyd County Fiscal Court - Elkhorn Park - Educational Program~~		
~~Restricted Funds~~	~~10,000~~	~~20,000~~
~~020. Floyd County Fiscal Court - Floyd County Head Start Program - Computers and Technical Support~~		
~~Restricted Funds~~	~~50,000~~	~~-0-~~
~~021. Floyd County Fiscal Court - Garrett Fire Department - Equipment/Operations~~		
~~Restricted Funds~~	~~2,600~~	~~2,600~~
~~022. Floyd County Fiscal Court - Jailer - Vehicle~~		
~~Restricted Funds~~	~~-0-~~	~~30,000~~
~~023. Floyd County Fiscal Court - Jenny Wiley Outdoor Theatre - Upgrades and Improvements~~		
~~Restricted Funds~~	~~20,000~~	~~-0-~~
~~024. Floyd County Fiscal Court - Left Beaver Fire Department - Equipment/Operations~~		
~~Restricted Funds~~	~~2,600~~	~~2,600~~
~~025. Floyd County Fiscal Court - LINKS - Housing and Facility Construction~~		
~~Restricted Funds~~	~~25,000~~	~~-0-~~
~~026. Floyd County Fiscal Court - Martin Fire Department - Equipment/Operations~~		
~~Restricted Funds~~	~~2,600~~	~~2,600~~
~~027. Floyd County Fiscal Court - Middle Creek Fire Department - Equipment/Operations~~		
~~Restricted Funds~~	~~2,600~~	~~2,600~~

~~028. Floyd County Fiscal Court - Mountain Arts~~
~~Center - Equipment Upgrades/Projects~~
~~Restricted Funds -0- 50,000~~
~~029. Floyd County Fiscal Court - Mountain~~
~~Comprehensive Care - Lane House - Alcohol~~
~~and Drug Abuse Education~~
~~Restricted Funds 25,000 -0-~~
~~030. Floyd County Fiscal Court - Mountain Top~~
~~Recreational - Construction~~
~~Restricted Funds -0- 100,000~~
~~031. Floyd County Fiscal Court - Mud Creek~~
~~Fire Department - Equipment/Operations~~
~~Restricted Funds 2,600 2,600~~
~~032. Floyd County Fiscal Court - Prestonsburg~~
~~Fire Department - Equipment/Operations~~
~~Restricted Funds 2,600 2,600~~
~~033. Floyd County Fiscal Court - Senior Citizens~~
~~Center - Operating~~
~~Restricted Funds 70,000 70,000~~
~~034. Floyd County Fiscal Court - Sheriff's~~
~~Department - Vehicle~~
~~Restricted Funds -0- 30,000~~
~~035. Floyd County Fiscal Court - Southeast Floyd~~
~~Fire Department - Equipment/Operations~~
~~Restricted Funds 2,600 2,600~~
~~036. Floyd County Fiscal Court - Toler Creek~~
~~Fire Department - Equipment/Operations~~

~~Restricted Funds 2,600 2,600~~

~~037. Floyd County Fiscal Court - Vehicle for Drug Enforcement~~

~~Restricted Funds -0- 30,000~~

~~038. Floyd County Fiscal Court - Wayland Area Fire Department - Equipment/Operations~~

~~Restricted Funds 2,600 2,600~~

~~039. Floyd County Fiscal Court - Wayland Historical Society - Land Purchase - East Kentucky Hall of Fame~~

~~Restricted Funds 100,000 -0-~~

~~040. Floyd County Fiscal Court - Wheelwright Fire Department - Equipment/Operations~~

~~Restricted Funds 2,600 2,600~~

~~041. Floyd County Fiscal Court- Hope in the Mountains - Drug Rehabilitation~~

~~Restricted Funds 25,000 10,000~~

~~042. Floyd County Fiscal Court- Maytown Fire Department - Equipment/Operations~~

~~Restricted Funds 2,600 2,600~~

~~043. KCTCS - Big Sandy Community and Technical College - Scholarship Fund for Students and Textbooks~~

~~Restricted Funds -0- 40,000~~

~~044. KCTCS - Prestonsburg Community College - Kentucky Coal Academy Program~~

~~Restricted Funds 125,000 125,000~~

~~045. Floyd County Fiscal Court - East Kentucky~~

~~Science Center~~

~~Restricted Funds -0- 50,000~~

~~046. Floyd County Fiscal Court - American Legion~~

~~Post 283 - Martin~~

~~Restricted Funds -0- 3,000~~

~~**Greenup County**~~

~~001. City of Bellefonte - Storm/Sanitary Sewer/~~

~~Runoff Remediation~~

~~Restricted Funds 20,000 -0-~~

~~002. City of Flatwoods - Babe Ruth League - Equipment~~

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

~~003. City of Flatwoods - Espy Lane Project - Upgrade~~

~~Espy Lane Pump Station and Lines~~

~~Restricted Funds 20,000 -0-~~

~~004. City of Flatwoods - Senior/Community Center -~~

~~Equipment~~

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

~~005. City of Greenup - Bathrooms in Greenup Park -~~

~~Improvements~~

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

~~006. City of Raceland - Park Improvements, Community /~~

~~Senior Center, Technology Center, Water and~~

~~Sewer Improvements~~

~~Restricted Funds 20,000 -0-~~

~~007. City of Russell - (SX21089014) Manhole Rehab Project~~

~~Restricted Funds 7,000 -0-~~

~~008. City of Russell - Sidewalks on Seaton Drive~~

~~(to be used for local match)~~

~~Restricted Funds 13,000 -0-~~

~~009. City of South Shore - Quilt Festival Promotion~~

~~and Marketing Materials and Equipment~~

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

~~010. City of South Shore - Resurface Tennis Courts~~

~~and Basketball Courts - Renovate Park and Bathrooms~~

~~Restricted Funds 20,000 -0-~~

~~011. City of Worthington - (SX21089004) Sulfur Dioxide~~

~~Drive - Drain for Sewer Treatment Plant~~

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

~~012. City of Worthington - Parks, Sidewalk and Water/~~

~~Sewer Improvements~~

~~Restricted Funds 18,000 -0-~~

~~013. City of Wurtland - Walking/Running Track at~~

~~Wurtland Elementary and Wurtland Middle School~~

~~and Chinn Street Lift Station Rehab~~

~~Restricted Funds 20,000 -0-~~

~~014. Greenup County Fiscal Court - U.S. 23 - Fullerton /~~

~~South Portsmouth Country Music Highway~~

~~Restricted Funds 19,000 -0-~~

~~015. Greenup County Board of Education - Argillite~~

~~Elementary School - Interactive White Boards, LCD~~

~~Projector, and Stand~~

~~Restricted Funds 3,000 -0-~~

~~016. Greenup County Board of Education - Greenup~~

~~County Area Technology Center - Interactive White~~

~~Boards and Projectors~~

~~Restricted Funds 3,000 -0-~~

~~017. Greenup County Board of Education - Greenup County High School - Software, Printed Material and Equipment for Remediation in Reading and Math~~

~~Restricted Funds 3,000 -0-~~

~~018. Greenup County Board of Education - Greysbranch Elementary School - Interactive White Boards for Every Grade Level~~

~~Restricted Funds 3,000 -0-~~

~~019. Greenup County Board of Education - McKell Elementary School - Audio Equipment for Stage/ Gym for Arts and Humanities~~

~~Restricted Funds 3,000 -0-~~

~~020. Greenup County Board of Education - McKell Middle School - Calculators, Math Manipulators and Hardware~~

~~Restricted Funds 3,000 -0-~~

~~021. Greenup County Board of Education - Wurtland Elementary School - Walking/Running Track~~

~~Restricted Funds 3,000 -0-~~

~~022. Greenup County Fiscal Court - Engineering Study of Poplar Highlands Sewer Upgrades~~

~~Restricted Funds -0- 25,000~~

~~023. Greenup County Fiscal Court - North Fork Radio Tower Extension~~

~~Restricted Funds 8,000 -0-~~

~~024. Greenup County Fiscal Court - Greenup County~~

~~Humane Society~~

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

~~025. Greenup County Fiscal Court - Greenup Senior Citizens~~

~~Center - Improvements and Operating Expenses~~

~~Restricted Funds 10,000 -0-~~

~~026. Greenup County Fiscal Court - Guardrail for Route 7~~

~~Restricted Funds 20,000 -0-~~

~~027. Greenup County Fiscal Court - Old Fashioned Days~~

~~Promotion and Marketing Materials and Equipment~~

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

~~028. Greenup County Fiscal Court - South Shore -~~

~~Meals on Wheels~~

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

~~029. Greenup County Fiscal Court - Welcome Area~~

~~US 23 Near Grant Bridge at Fullerton/South~~

~~Portsmouth - Construction~~

~~Restricted Funds -0- 35,000~~

~~030. Russell Independent Board of Education - Russell -~~

~~McDowell Intermediate School - Physical Fitness~~

~~Equipment/Mats and Hand Holds~~

~~Restricted Funds 3,000 -0-~~

~~031. Russell Independent Board of Education - Russell~~

~~Area Technology Center - Instructor Monitoring Software~~

~~Restricted Funds 3,000 -0-~~

~~032. Russell Independent Board of Education - Russell High~~

~~School - Graphic Calculators, Digital Cameras, Data~~

~~Projector and Digital Micro Pipets~~

~~Restricted Funds 3,000 -0-~~

~~033. Russell Independent Board of Education - Russell Middle School - Audiovisual Equipment~~

~~Restricted Funds 3,000 -0-~~

~~034. Russell Independent Board of Education - Russell Primary School - Poster Machine, Cold Laminator and Risograph~~

~~Restricted Funds 3,000 -0-~~

~~035. City of Greenup - Pump Station (Route 1) and Water System Improvements~~

~~Restricted Funds 71,000 -0-;~~

~~036. Greenup County Fiscal Court - Greenup County Park and Fairgrounds Improvements~~

~~Restricted Funds 10,000 -0-~~

~~037. Greenup County Fiscal Court - Worthington Meals on Wheels~~

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

~~038. Greenup County Fiscal Court - Russell / Raceland / Flatwoods - Meals on Wheels~~

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

~~039. Greenup County Fiscal Court - Greenup Riverfront Improvements~~

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

~~040. City of Raceland - Lost Canyon and Caroline Road - Sewer Extension - SX 21089018~~

~~Restricted Funds 48,000 -0-~~

~~**Hancock County**~~

~~001. City of Hawesville - Fire Truck~~

~~Restricted Funds 175,000 -0-~~

~~002. City of Lewisport - Lewisport Fire Department - Equipment~~

~~Restricted Funds 60,000 -0-~~

~~003. Hancock County Fiscal Court - Highway 657 (4th Street) - Sewer Line Extension~~

~~Restricted Funds -0- 75,000~~

~~004. Hancock County Fiscal Court - Repair Affair~~

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

~~**Harlan County**~~

~~001. City of Benham - Operations, Projects and Equipment~~

~~Restricted Funds 20,000 20,000~~

~~002. City of Benham - Water Tank~~

~~Restricted Funds 250,000 -0-~~

~~003. City of Cumberland - Projects and Equipment~~

~~Restricted Funds 20,000 20,000~~

~~004. City of Cumberland - Tri-City Heritage Development Corporation Operations~~

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

~~005. City of Cumberland - Water Line Extension - Cumberland to Letcher County Line~~

~~Restricted Funds 500,000 -0-~~

~~006. City of Evarts - Land Acquisition and Building for Fire Department - Construction~~

~~Restricted Funds 25,000 -0-~~

~~007. City of Evarts - Land Acquisition and Building for~~

~~RV Park - Construction~~		
~~Restricted Funds~~	~~-0-~~	~~50,000~~
~~008. City of Evarts - Projects and/or Equipment~~		
~~Restricted Funds~~	~~20,000~~	~~20,000~~
~~009. City of Evarts - Safety Equipment for ATV Park~~		
~~Restricted Funds~~	~~90,000~~	~~-0-~~
~~010. City of Harlan - Harlan City Fire Department -~~		
~~Operations and Equipment~~		
~~Restricted Funds~~	~~7,500~~	~~7,500~~
~~011. City of Harlan - Harlan Revitalization~~		
~~Restricted Funds~~	~~50,000~~	~~25,000~~
~~012. City of Loyall - Projects and Equipment~~		
~~Restricted Funds~~	~~20,000~~	~~20,000~~
~~013. City of Lynch - Projects and Equipment~~		
~~Restricted Funds~~	~~20,000~~	~~20,000~~
~~014. City of Lynch - Sewer Line Replacement Project~~		
~~Restricted Funds~~	~~-0-~~	~~70,000~~
~~015. City of Lynch - Water Plant Rehabilitation~~		
~~Restricted Funds~~	~~100,000~~	~~-0-~~
~~016. City of Wallins - Projects and Equipment~~		
~~Restricted Funds~~	~~20,000~~	~~20,000~~
~~017. Green Hills Water District - Water System~~		
~~Improvements and Extensions~~		
~~Restricted Funds~~	~~200,000~~	~~125,000~~
~~018. Green Hills Water District - Equipment and Water~~		
~~Line Extension~~		
~~Restricted Funds~~	~~75,000~~	~~-0-~~

~~019. Harlan County Fiscal Court - Benham Fire~~
~~Department - Operations and Equipment~~
~~Restricted Funds 7,500 7,500~~
~~020. Harlan County Fiscal Court - Black Mountain~~
~~Utilities - Water Line Extension~~
~~Restricted Funds 300,000 700,000~~
~~021. Harlan County Fiscal Court - Bledsoe Volunteer~~
~~Fire Department - Operations and Equipment~~
~~Restricted Funds 7,500 7,500~~
~~022. Harlan County Fiscal Court - Camp Blanton -~~
~~Renovation~~
~~Restricted Funds 84,000 -0-~~
~~023. Harlan County Fiscal Court - Cawood Ledford Boys~~
~~and Girls Club - Operations and Equipment~~
~~Restricted Funds 25,000 25,000~~
~~024. Harlan County Fiscal Court - Cawood Water~~
~~District Water Line - Expansion to Smith Area~~
~~Restricted Funds 400,000 600,000~~
~~025. Harlan County Fiscal Court - Cloverfork Rescue~~
~~Squad - Operations and Equipment~~
~~Restricted Funds -0- 10,000~~
~~026. Harlan County Fiscal Court - Cloverfork Volunteer~~
~~Fire Department - Operations and Equipment~~
~~Restricted Funds 7,500 7,500~~
~~027. Harlan County Fiscal Court - Coldiron Volunteer Fire~~
~~Department - Operations and Equipment~~
~~Restricted Funds 7,500 7,500~~

~~028. Harlan County Fiscal Court - Coxton Park -~~
~~Renovation and Improvements~~
~~Restricted Funds 10,000 -0-~~
~~029. Harlan County Fiscal Court - Cumberland Fire~~
~~Department - Operations and Equipment~~
~~Restricted Funds 7,500 7,500~~
~~030. Harlan County Fiscal Court - Detention Center -~~
~~Bond Department - Principal~~
~~Restricted Funds 250,000 250,000~~
~~031. Harlan County Fiscal Court - Evarts Depot - Restoration~~
~~Restricted Funds -0- 57,000~~
~~032. Harlan County Fiscal Court - Evarts Fire~~
~~Department - Operations and Equipment~~
~~Restricted Funds 7,500 7,500~~
~~033. Harlan County Fiscal Court - Four-Wheeler Park for~~
~~Promotional Costs and Ancillary~~
~~Restricted Funds -0- 100,000~~
~~034. Harlan County Fiscal Court - Green Hills~~
~~Community Center and Park - Improvements~~
~~Restricted Funds 20,000 -0-~~
~~035. Harlan County Fiscal Court - Harlan Rescue~~
~~Squad - Operations and Equipment~~
~~Restricted Funds -0- 10,000~~
~~036. Harlan County Fiscal Court - Harlan County Committee~~
~~on Aging, Inc. - Renovation / Equipment~~
~~Restricted Funds -0- 125,000~~
~~037. Harlan County Fiscal Court - Harlan County Road~~

~~Department - Equipment~~

~~Restricted Funds -0- 50,000~~

~~038. Harlan County Fiscal Court - Harlan Fire~~

~~Department - Operations and Equipment~~

~~Restricted Funds 7,500 7,500~~

~~039. Harlan County Fiscal Court - Harlan Little League -~~

~~Operations and Maintenance~~

~~Restricted Funds 5,000 10,000~~

~~040. Harlan County Fiscal Court - Harlan Shriners'~~

~~Park - Improvements~~

~~Restricted Funds -0- 10,000~~

~~041. Harlan County Fiscal Court - Hope Drug~~

~~Center - Operations and Equipment~~

~~Restricted Funds 220,000 29,000~~

~~042. Harlan County Fiscal Court - Lower Cloverfork~~

~~Volunteer Fire Department - Operations and Equipment~~

~~Restricted Funds 7,500 7,500~~

~~043. Harlan County Fiscal Court - Loyall Fire~~

~~Department - Operations and Equipment~~

~~Restricted Funds 7,500 7,500~~

~~044. Harlan County Fiscal Court - Lynch Fire~~

~~Department - Operations and Equipment~~

~~Restricted Funds 7,500 7,500~~

~~045. Harlan County Fiscal Court - Martins Fork~~

~~Volunteer Fire Department - Operations and Equipment~~

~~Restricted Funds 7,500 7,500~~

~~046. Harlan County Fiscal Court - Mountain~~

~~Comprehensive Health Corporation - Improvements~~

~~Restricted Funds 250,000 -0-~~

~~047. Harlan County Fiscal Court - Pathfork Park - Improvements~~

~~Restricted Funds 10,000 -0-~~

~~048. Harlan County Fiscal Court - Putney Volunteer~~

~~Fire Department - Operations and Equipment~~

~~Restricted Funds 7,500 7,500~~

~~049. Harlan County Fiscal Court - Sheriff's Department -~~

~~Cops in School~~

~~Restricted Funds 25,000 25,000~~

~~050. Harlan County Fiscal Court - Smith Park - Improvements~~

~~Restricted Funds -0- 10,000~~

~~051. Harlan County Fiscal Court - Southeast Education~~

~~Foundation - Benham Inn, Portal 31, Coal Mine~~

~~Museum - Pay off Debt~~

~~Restricted Funds 325,000 -0-~~

~~052. Harlan County Fiscal Court - Southeast Kentucky~~

~~Rehabilitation Industry - Building and Roof - Repair~~

~~Restricted Funds 250,000 -0-~~

~~053. Harlan County Fiscal Court - Sunshine Volunteer~~

~~Fire Department - Operations and Equipment~~

~~Restricted Funds 7,500 7,500~~

~~054. Harlan County Fiscal Court - Tri-City Little League -~~

~~Operations and Equipment~~

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

~~055. Harlan County Fiscal Court - Upper Cloverfork~~

~~Volunteer Fire Department - Operations and Equipment~~

~~Restricted Funds 7,500 7,500~~

~~056. Harlan County Fiscal Court - Veterans Honor Guard~~

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

~~057. Harlan County Fiscal Court - Wallins Volunteer Fire~~

~~Department - Operations and Equipment~~

~~Restricted Funds 7,500 7,500~~

~~058. Harlan County Fiscal Court - Yocum Creek Volunteer~~

~~Fire Department - Operations and Equipment~~

~~Restricted Funds 7,500 7,500~~

~~059. KCTCS - Southeast Community College -~~

~~Kentucky Coal Academy Program~~

~~Restricted Funds 125,000 125,000~~

~~060. Kentucky Fish and Wildlife - Two ATV Safety~~

~~Vehicles and Operations for Harlan County ATV Trails~~

~~Restricted Funds 75,000 75,000~~

~~061. City of Lynch - Splash Pad Project~~

~~Restricted Funds -0- 60,000~~

~~**Henderson County**~~

~~001. City of Corydon - Demolish and Removal of~~

~~Buildings - Health and Safety Reasons~~

~~Restricted Funds 25,000 -0-~~

~~002. City of Robards - Infrastructure Needs~~

~~Restricted Funds 20,000 -0-~~

~~003. Henderson County Fiscal Court - Baskett Volunteer~~

~~Fire Department - Fire Fighting Equipment~~

~~Restricted Funds 10,000 -0-~~

~~004. Henderson County Fiscal Court - Cairo Volunteer~~

~~Fire Department - Fire Fighting Equipment~~

~~Restricted Funds 10,000 -0-~~

~~005. Henderson County Fiscal Court - Corydon Civil~~

~~Defense Fire Department - Fire Fighting Equipment~~

~~Restricted Funds 10,000 -0-~~

~~006. Henderson County Fiscal Court - Hebbardsville~~

~~Area Volunteer Fire Department - Fire Fighting Equipment~~

~~Restricted Funds 10,000 -0-~~

~~007. Henderson County Fiscal Court - Henderson City -~~

~~County Rescue Volunteer Fire Department - Fire~~

~~Fighting Equipment~~

~~Restricted Funds 10,000 -0-~~

~~008. Henderson County Fiscal Court - Henderson County~~

~~Fair Grounds - Concrete Areas Around~~

~~Buildings/Bathrooms~~

~~Restricted Funds 20,000 -0-~~

~~009. Henderson County Fiscal Court - Henderson~~

~~County Fair Grounds-Infrastructure for Walking~~

~~Track and Paving~~

~~Restricted Funds 55,000 -0-~~

~~010. Henderson County Fiscal Court - Henderson~~

~~County Fair Grounds-Park Equipment and Improvements~~

~~Restricted Funds 45,000 -0-~~

~~011. Henderson County Fiscal Court - Niagara Volunteer~~

~~Fire Department - Fire Fighting Equipment~~

~~Restricted Funds 10,000 -0-~~

~~012. Henderson County Fiscal Court - Paving of Newly~~

~~Constructed Connector Road at Riverport~~

~~Restricted Funds 40,000 -0-~~

~~013. Henderson County Fiscal Court - Poole Volunteer~~

~~Fire Department - Fire Fighting Equipment~~

~~Restricted Funds 10,000 -0-~~

~~014. Henderson County Fiscal Court - Public Library -~~

~~Repair and Renovation~~

~~Restricted Funds 250,000 -0-~~

~~015. Henderson County Fiscal Court - Reed Volunteer~~

~~Fire Department - Fire Fighting Equipment~~

~~Restricted Funds 10,000 -0-~~

~~016. Henderson County Fiscal Court - Robards Volunteer~~

~~Fire Department - Fire Fighting Equipment~~

~~Restricted Funds 10,000 -0-~~

~~017. Henderson County Fiscal Court - Smith Mills~~

~~Volunteer Fire Department - Fire Fighting Equipment~~

~~Restricted Funds 10,000 -0-~~

~~018. Henderson County Fiscal Court - Spottsville Volunteer~~

~~Fire Department - Fire Fighting Equipment~~

~~Restricted Funds 10,000 -0-~~

~~019. Henderson County Fiscal Court - Star Industrial~~

~~Park - Site Adjacent to Columbia Sportswear -~~

~~Grading and Site Work for Entrance~~

~~Restricted Funds 45,000 -0-~~

~~020. Henderson County Fiscal Court - Star Industrial Park-~~

~~Entrance and Site Work - Clearing of Trees~~

~~and Reseeding~~

~~Restricted Funds 40,000 -0-~~

~~021. Henderson County Fiscal Court - Zion Volunteer Fire Department - Fire Fighting Equipment~~

~~Restricted Funds 10,000 -0-~~

~~022. Henderson County Water District - Cheatham Road/William Keene Road Extension~~

~~Restricted Funds 26,000 -0-~~

~~023. Henderson County Water District - Henderson and West Daviess Interconnection~~

~~Restricted Funds 75,000 -0-~~

~~024. Henderson County Water District - Henderson County Water - Old US 60 Main Replacement~~

~~Restricted Funds 125,000 -0-~~

~~025. Henderson County Water District - J. Gibson Hugh Sights - Rock Springs Roads Water Line Extension~~

~~Restricted Funds 136,000 -0-~~

~~026. Henderson County Fiscal Court - Henderson City/County Rescue Squad - Fire Fighting Support - Equipment~~

~~Restricted Funds 10,000 -0-~~

~~**Hopkins County**~~

~~001. City of Dawson Springs - Warning Sirens - Equipment~~

~~Restricted Funds 14,000 -0-~~

~~002. City of Earlington - Warning Sirens - Equipment~~

~~Restricted Funds 14,000 -0-~~

~~003. City of Hanson - Warning Sirens - Equipment~~

~~Restricted Funds 14,000 -0-~~

~~004. City of Madisonville - Hopkins County Public~~
~~Library - Renovation Project~~
~~Restricted Funds 100,000 -0-~~
~~005. City of Madisonville - Warning Sirens - Equipment~~
~~Restricted Funds 14,000 -0-~~
~~006. City of Madisonville - Warning Sirens - Equipment~~
~~Restricted Funds 14,000 -0-~~
~~007. City of Madisonville Community College -~~
~~Technology Upgrades and Workforce~~
~~Development Programs~~
~~Restricted Funds 200,000 -0-~~
~~008. City of Mortons Gap - Warning Sirens - Equipment~~
~~Restricted Funds 14,000 -0-~~
~~009. City of Nebo - Warning Sirens - Equipment~~
~~Restricted Funds 14,000 -0-~~
~~010. City of Nortonville - Warning Sirens - Equipment~~
~~Restricted Funds 14,000 -0-~~
~~011. City of St. Charles - Warning Sirens - Equipment~~
~~Restricted Funds 14,000 -0-~~
~~012. City of White Plains - Warning Sirens - Equipment~~
~~Restricted Funds 14,000 -0-~~
~~013. Hopkins County Board of Education - School~~
~~Resource Officer~~
~~Restricted Funds 70,000 -0-~~
~~014. Hopkins County Fiscal Court - Anton Volunteer~~
~~Fire Department - Equipment~~
~~Restricted Funds 10,000 -0-~~

~~015. Hopkins County Fiscal Court - Area Two Dive Search, Rescue and Recovery Team - Equipment and Upgrades~~

~~Restricted Funds 90,000 -0-~~

~~016. Hopkins County Fiscal Court - Center for Cultural and Professional Development - Construction and Maintenance~~

~~Restricted Funds 40,000 -0-~~

~~017. Hopkins County Fiscal Court - Charleston Volunteer Fire Department - Equipment~~

~~Restricted Funds 10,000 -0-~~

~~018. Hopkins County Fiscal Court - Dawson Springs Volunteer Fire Department - Equipment~~

~~Restricted Funds 10,000 -0-~~

~~019. Hopkins County Fiscal Court - Earlington Volunteer Fire Department - Equipment~~

~~Restricted Funds 10,000 -0-~~

~~020. Hopkins County Fiscal Court - Economic Development/Land Acquisition & Infrastructure~~

~~Restricted Funds 394,450 -0-~~

~~021. Hopkins County Fiscal Court - Grapevine Volunteer Fire Department - Equipment~~

~~Restricted Funds 10,000 -0-~~

~~022. Hopkins County Fiscal Court - Hanson Volunteer Fire Department - Equipment~~

~~Restricted Funds 10,000 -0-~~

~~023. Hopkins County Fiscal Court - Hopkins County~~

~~Emergency Management (EMA) - Equipment Upgrades~~

~~Restricted Funds 50,000 -0-~~

~~024. Hopkins County Fiscal Court - Hopkins County~~

~~Public Works Department - Equipment and~~

~~Vehicle Upgrades~~

~~Restricted Funds 200,000 -0-~~

~~025. Hopkins County Fiscal Court - Humane Society -~~

~~Equipment and Upgrades~~

~~Restricted Funds 50,000 -0-~~

~~026. Hopkins County Fiscal Court - Manitou~~

~~Volunteer Fire Department - Equipment~~

~~Restricted Funds 10,000 -0-~~

~~027. Hopkins County Fiscal Court - Mortons Gap~~

~~Volunteer Fire Department - Equipment~~

~~Restricted Funds 10,000 -0-~~

~~028. Hopkins County Fiscal Court - Nebo Volunteer~~

~~Fire Department - Equipment~~

~~Restricted Funds 10,000 -0-~~

~~029. Hopkins County Fiscal Court - Nortonville~~

~~Volunteer Fire Department - Equipment~~

~~Restricted Funds 10,000 -0-~~

~~030. Hopkins County Fiscal Court - Richland~~

~~Volunteer Fire Department - Equipment~~

~~Restricted Funds 10,000 -0-~~

~~031. Hopkins County Fiscal Court - Rosenwalk -~~

~~Smith Multicultural Center - Maintenance and Repairs~~

~~Restricted Funds 100,000 -0-~~

~~032. Hopkins County Fiscal Court - South Hopkins~~
~~Volunteer Fire Department - Equipment~~
~~Restricted Funds 10,000 -0-~~
~~033. Hopkins County Fiscal Court - St. Charles~~
~~Volunteer Fire Department - Equipment~~
~~Restricted Funds 10,000 -0-~~
~~034. Hopkins County Fiscal Court - White Plains~~
~~Volunteer Fire Department - Equipment~~
~~Restricted Funds 10,000 -0-~~
~~035. KCTCS - Madisonville Community College -~~
~~Kentucky Coal Academy Program~~
~~Restricted Funds 125,000 125,000~~

~~**Jackson County**~~

~~001. Jackson County Fiscal Court - Gray Hawk Fire~~
~~Department - Equipment~~
~~Restricted Funds 10,000 5,000~~
~~002. Jackson County Fiscal Court - Jackson County~~
~~Library Board~~
~~Restricted Funds 20,000 10,000~~
~~003. Jackson County Fiscal Court - Maintenance~~
~~Vehicles - Improvements~~
~~Restricted Funds 20,000 10,000~~
~~004. Jackson County Fiscal Court - McKee Fire~~
~~Department - Equipment~~
~~Restricted Funds 10,000 5,000~~
~~005. Jackson County Fiscal Court - Pond Creek Fire~~
~~Department - Equipment~~

~~Restricted Funds~~	~~10,000~~	~~5,000~~
~~006. Jackson County Fiscal Court - Sand Gap Fire Department - Equipment~~		
~~Restricted Funds~~	~~10,000~~	~~5,000~~
~~007. Jackson County Fiscal Court - Sheriff Department - Vehicle and Equipment~~		
~~Restricted Funds~~	~~20,000~~	~~25,000~~

~~**Johnson County**~~

~~001. Johnson County Board of Education - Public Schools -Youth Activities Facility - Construction~~		
~~Restricted Funds~~	~~50,000~~	~~50,000~~
~~002. Johnson County Fiscal Court - Courthouse - Debt Reduction~~		
~~Restricted Funds~~	~~250,000~~	~~250,000~~
~~003. Johnson County Fiscal Court - Courthouse - Maintenance and Repair~~		
~~Restricted Funds~~	~~25,000~~	~~-0-~~
~~004. Johnson County Fiscal Court - Senior Citizens Center - Improvements~~		
~~Restricted Funds~~	~~25,000~~	~~25,000~~
~~005. Johnson County Fiscal Court - Volunteer Fire Departments - Equipment and Operations~~		
~~Restricted Funds~~	~~35,000~~	~~35,000~~
~~006. Paintsville Independent Board of Education - City Schools - Youth Activities Facility - Construction~~		
~~Restricted Funds~~	~~50,000~~	~~50,000~~

~~**Knott County**~~

~~001. Knott County Fiscal Court - Adult Wellness Complex - Bond Payment~~		
~~Restricted Funds~~	~~1,000,000~~	~~1,000,000~~
~~002. Knott County Fiscal Court - Amphitheater - Construction~~		
~~Restricted Funds~~	~~50,000~~	~~200,000~~
~~003. Knott County Fiscal Court - ATV Training Center and Trails - Develop and Construct~~		
~~Restricted Funds~~	~~25,000~~	~~50,000~~
~~004. Knott County Fiscal Court - Ball Creek Fire Department - Equipment~~		
~~Restricted Funds~~	~~25,000~~	~~25,000~~
~~005. Knott County Fiscal Court - Ball Creek Park - Operation, Maintenance and Improvements~~		
~~Restricted Funds~~	~~5,000~~	~~5,000~~
~~006. Knott County Fiscal Court - Ball Creek and Beaver Creek Water Project - Fire Hydrants~~		
~~Restricted Funds~~	~~110,000~~	~~-0-~~
~~007. Knott County Fiscal Court - Beaver Creek Park - Operation, Maintenance and Improvements~~		
~~Restricted Funds~~	~~5,000~~	~~5,000~~
~~008. Knott County Fiscal Court - Carr Creek - Water Treatment Plant~~		
~~Restricted Funds~~	~~500,000~~	~~500,000~~
~~009. Knott County Fiscal Court - Carr Creek Fire Department - Equipment~~		
~~Restricted Funds~~	~~25,000~~	~~25,000~~

~~010. Knott County Fiscal Court - Kentucky School of Craft~~

~~Restricted Funds 250,000 250,000~~

~~011. Knott County Fiscal Court - County Clerk's Office - Operations, Maintenance, and Equipment~~

~~Restricted Funds 35,000 35,000~~

~~012. Knott County Fiscal Court - Dry Creek Park - Operation, Maintenance and Improvements~~

~~Restricted Funds 5,000 5,000~~

~~013. Knott County Fiscal Court - Fisty Fire Department - Equipment~~

~~Restricted Funds 25,000 25,000~~

~~014. Knott County Fiscal Court - Hindman Fire Department - Equipment~~

~~Restricted Funds 25,000 25,000~~

~~015. Knott County Fiscal Court - Hindman Park - Operation, Maintenance and Improvements~~

~~Restricted Funds 5,000 5,000~~

~~016. Knott County Fiscal Court - Hindman Sidewalk Pedestrian - Bridge Project~~

~~Restricted Funds 100,000 -0-~~

~~017. Knott County Fiscal Court - Jamestown Village and Highway 81 Water Line - WRIS Project No. WX21119225~~

~~Restricted Funds 300,000 -0-~~

~~018. Knott County Fiscal Court - Jones Fork Fire Department - Equipment~~

~~Restricted Funds~~	~~25,000~~	~~25,000~~
~~019. Knott County Fiscal Court - Jones Fork Park -~~		
~~Operation, Maintenance and Improvements~~		
~~Restricted Funds~~	~~5,000~~	~~5,000~~
~~020. Knott County Fiscal Court - Kite Park -~~		
~~Operation, Maintenance and Improvements~~		
~~Restricted Funds~~	~~5,000~~	~~5,000~~
~~021. Knott County Fiscal Court - Kite/Topmost Fire~~		
~~Department - Equipment~~		
~~Restricted Funds~~	~~25,000~~	~~25,000~~
~~022. Knott County Fiscal Court - Knott County~~		
~~Courthouse - Renovation~~		
~~Restricted Funds~~	~~200,000~~	~~200,000~~
~~023. Knott County Fiscal Court - Knott County~~		
~~Emergency Rescue Squad - Equipment~~		
~~Restricted Funds~~	~~25,000~~	~~25,000~~
~~024. Knott County Fiscal Court - Knott County~~		
~~Football Field - Fence Around the Field~~		
~~Restricted Funds~~	~~8,300~~	~~-0-~~
~~025. Knott County Fiscal Court - Knott County~~		
~~Football Field - Rubberizing Track Service~~		
~~Restricted Funds~~	~~45,000~~	~~-0-~~
~~026. Knott County Fiscal Court - Knott County Football~~		
~~Field - Turf Solution~~		
~~Restricted Funds~~	~~10,438~~	~~-0-~~
~~027. Knott County Fiscal Court - Knott County Sheriff's~~		
~~Office - Safety Equipment, Operating,~~		

~~Maintenance, and Vehicle~~

~~Restricted Funds 100,000 -0-~~

~~028. Knott County Fiscal Court - Knott County Youth~~

~~Foundation - Operating and Equipment~~

~~Restricted Funds 20,000 75,000~~

~~029. Knott County Fiscal Court - Lotts Creek Fire~~

~~Department - Equipment~~

~~Restricted Funds 25,000 25,000~~

~~030. Knott County Fiscal Court - Lotts Creek~~

~~School - Athletic Field lighting~~

~~Restricted Funds 50,000 25,000~~

~~031. Knott County Fiscal Court - Various Water~~

~~Line Extensions~~

~~Restricted Funds 250,000 250,000~~

~~032. Knott County Fiscal Court - Martin~~

~~Branch - Water Project~~

~~Restricted Funds 250,000 -0-~~

~~033. Knott County Fiscal Court - Rt. 80 Montgomery~~

~~to Soft Shell Exit - Water Line Extensions~~

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

~~034. Knott County Fiscal Court - Mousie Community -~~

~~Fifteen Fire Hydrants~~

~~Restricted Funds 33,000 -0-~~

~~035. Knott County Fiscal Court - Pippa Passes Fire~~

~~Department - Equipment~~

~~Restricted Funds 25,000 25,000~~

~~036. Knott County Fiscal Court - Purchase of~~

~~Beckham Combs Elementary - Community Center~~

~~Restricted Funds 250,000 -0-~~

~~037. Knott County Fiscal Court - Purchase of Caney~~

~~Elementary - Community Center~~

~~Restricted Funds 250,000 -0-~~

~~038. Knott County Fiscal Court - Purchase of Old~~

~~Knott County Food Store - Community Center~~

~~Restricted Funds 100,000 -0-~~

~~039. Knott County Fiscal Court - Purchase Property~~

~~for Economic Development - Robert and Maggie~~

~~Gambill Property~~

~~Restricted Funds 525,000 -0-~~

~~040. Knott County Fiscal Court - Red Fox Fire~~

~~Department - Construction~~

~~Restricted Funds 100,000 -0-~~

~~041. Knott County Fiscal Court - Red Fox Fire~~

~~Department - Purchase Property~~

~~Restricted Funds 100,000 -0-~~

~~042. Knott County Fiscal Court - Red Fox Park -~~

~~Operation, Maintenance and Improvements~~

~~Restricted Funds 5,000 5,000~~

~~043. Knott County Fiscal Court - School of~~

~~Crafts - Ceramic Department - Construction~~

~~Restricted Funds 250,000 -0-~~

~~044. Knott County Fiscal Court - Senior Citizens~~

~~Center - Improvements~~

~~Restricted Funds 75,000 75,000~~

~~045. Knott County Fiscal Court - Tourism - ATV and Horse Trail~~

~~Restricted Funds 175,000 40,000~~

~~046. Knott County Fiscal Court - Vicco/Sassafrass Fire Department - Equipment~~

~~Restricted Funds 25,000 25,000~~

~~047. Knott County Fiscal Court - Fire Hydrants~~

~~Restricted Funds -0- 25,000~~

~~**Knox County**~~

~~001. Cumberland Valley Area Development District - Artemus Volunteer Fire Department - Equipment~~

~~Restricted Funds -0- 30,000~~

~~002. Cumberland Valley Area Development District - Bailey Volunteer Fire Department - Equipment~~

~~Restricted Funds -0- 30,000~~

~~003. Cumberland Valley Area Development District - East Knox Volunteer Fire Department - Equipment~~

~~Restricted Funds -0- 30,000~~

~~004. Cumberland Valley Area Development District - Poplar Creek Volunteer Fire Department - Equipment~~

~~Restricted Funds -0- 30,000~~

~~005. Cumberland Valley Area Development District - Richland Volunteer Fire Department - Equipment~~

~~Restricted Funds -0- 30,000~~

~~006. Cumberland Valley Area Development District - Stinking Creek Volunteer Fire Department - Equipment~~

~~Restricted Funds -0- 30,000~~

~~007. Cumberland Valley Area Development District -~~
~~West Knox Volunteer Fire Department - Capital~~
~~Construction - Substation~~
~~Restricted Funds -0- 80,000~~
~~008. Cumberland Valley Area Development District -~~
~~West Knox Volunteer Fire Department - Equipment~~
~~Restricted Funds -0- 30,000~~
~~009. Cumberland Valley Area Development District -~~
~~Woodbine Subdivision Station Volunteer Fire~~
~~Department - Equipment~~
~~Restricted Funds -0- 30,000~~
~~010. Cumberland Valley Area Development District -~~
~~Woodvine Volunteer Fire Department - Capital~~
~~Construction - Walker Park Substation~~
~~Restricted Funds -0- 80,000~~
~~011. Knox County Board of Education - Knox Central~~
~~Currency Bank - Equipment~~
~~Restricted Funds 5,000 -0-~~
~~012. Knox County Board of Education - TV 4 - Equipment~~
~~Restricted Funds 20,000 -0-~~
~~013. Knox County Fiscal Court - Knox County~~
~~Attorney's Office UNITE - Equipment~~
~~Restricted Funds 20,000 -0-~~
~~014. Knox County Fiscal Court - Sheriff - Equipment~~
~~and Cars~~
~~Restricted Funds 50,000 25,000~~
~~015. City of Barbourville - Police Department - Equipment~~

~~Restricted Funds~~	~~-0-~~	~~30,000~~
~~016. City of Barbourville - Fire Department - Equipment~~		
~~Restricted Funds~~	~~-0-~~	~~30,000~~
~~017. Knox County Fiscal Court - Girdler Volunteer Fire Department - Payment of Capital Construction Debt~~		
~~Restricted Funds~~	~~30,000~~	~~-0-~~
~~018. Knox County Fiscal Court - Artemus Volunteer Fire Department - Payment of Capital Construction Debt~~		
~~Restricted Funds~~	~~50,000~~	~~-0-~~

~~**Laurel County**~~

~~001. Laurel County Fiscal Court - Bald Rock Fire Department - Equipment~~		
~~Restricted Funds~~	~~12,000~~	~~5,000~~
~~002. Laurel County Fiscal Court - Bush Fire Department - Equipment~~		
~~Restricted Funds~~	~~12,000~~	~~5,000~~
~~003. Laurel County Fiscal Court - Campground Fire Department - Equipment~~		
~~Restricted Funds~~	~~12,000~~	~~5,000~~
~~004. Laurel County Fiscal Court - Crossroads Fire Department - Equipment~~		
~~Restricted Funds~~	~~12,000~~	~~5,000~~
~~005. Laurel County Fiscal Court - East Bernstadt Fire Department - Equipment~~		
~~Restricted Funds~~	~~12,000~~	~~5,000~~

~~006. Laurel County Fiscal Court - Health Department -~~
~~Community Walking Track Equipment~~
~~Restricted Funds 20,000 -0-~~
~~007. Laurel County Fiscal Court - Keavy Fire~~
~~Department - Equipment~~
~~Restricted Funds 12,000 5,000~~
~~008. Laurel County Fiscal Court - Laurel County Fire~~
~~Department - Equipment~~
~~Restricted Funds 12,000 5,000~~
~~009. Laurel County Fiscal Court - Laurel County Rescue~~
~~Squad - Equipment~~
~~Restricted Funds 12,000 5,000~~
~~010. Laurel County Fiscal Court - Library - Supplies~~
~~Restricted Funds 5,000 5,382~~
~~011. Laurel County Fiscal Court - Lily Fire~~
~~Department - Equipment~~
~~Restricted Funds 12,000 5,000~~
~~012. Laurel County Fiscal Court - London / Laurel~~
~~County Optimist Club~~
~~Restricted Funds 25,000 40,000~~
~~013. Laurel County Fiscal Court - London Fire~~
~~Department - Equipment~~
~~Restricted Funds 12,000 5,000~~
~~014. Laurel County Fiscal Court - McWhorter Fire~~
~~Department - Equipment~~
~~Restricted Funds 12,000 5,000~~
~~015. Laurel County Fiscal Court - North Laurel Little~~

~~League - Capital Construction~~

~~Restricted Funds 20,000 25,000~~

~~016. Laurel County Fiscal Court - OPAC~~

~~Restricted Funds 15,000 15,000~~

~~017. Laurel County Fiscal Court - Swiss Colony Fire~~

~~Department - Equipment~~

~~Restricted Funds 12,000 5,000~~

~~018. Laurel County Fiscal Court - Veterans~~

~~Memorial - Improvements~~

~~Restricted Funds 30,000 -0-~~

~~**Lawrence County**~~

~~001. City of Louisa - Downtown Beautification,~~

~~Building, Sidewalk and Street Improvements,~~

~~Infrastructure, City Park and City Pool Upgrades~~

~~and Any Other Enhancements~~

~~Restricted Funds 50,000 50,000~~

~~002. City of Louisa - Lawrence County Public Library -~~

~~Technology Upgrades, Construction, Library~~

~~Enhancements and Improvements~~

~~Restricted Funds 75,000 75,000~~

~~003. Lawrence County Board of Education - Blaine~~

~~Elementary - Facility and Ground Improvements,~~

~~Technology Upgrades, Curriculum, Program,~~

~~Enhancements, and other Physical Fitness and~~

~~Playground Equipment Upgrades~~

~~Restricted Funds 25,000 -0-~~

~~004. Lawrence County Board of Education - Facility~~

~~Improvements and Upgrades - New Floor and Lights -~~
~~Lawrence County High School Gymnasium~~
~~Restricted Funds 150,000 -0-~~
~~005. Lawrence County Board of Education - Fallsburg~~
~~Elementary - Facility and Ground Improvements,~~
~~Technology Upgrades, Curriculum, Program and~~
~~other Enhancements, Physical Fitness and~~
~~Playground Equipment Upgrades~~
~~Restricted Funds 25,000 -0-~~
~~006. Lawrence County Board of Education - Lawrence~~
~~County Career Tech Program - Jr. Coal Academy -~~
~~Program Equipment, Materials, Curriculum and~~
~~Training Enhancements - Other Improvements Related~~
~~to Jr. Coal Academy~~
~~Restricted Funds 100,000 100,000~~
~~007. Lawrence County Board of Education - Louisa Upper~~
~~Elementary - Facility and Ground Improvements,~~
~~Technology Upgrades, Curriculum, Program and~~
~~other Enhancements, Physical Fitness and Playground~~
~~Equipment Upgrades~~
~~Restricted Funds 25,000 -0-~~
~~008. Lawrence County Fiscal Court - Blaine Fire~~
~~Department - Equipment and Improvements~~
~~Restricted Funds -0- 10,000~~
~~009. Lawrence County Fiscal Court - Blaine City Park -~~
~~Various Construction, Equipment and Ground~~
~~Improvements~~

~~Restricted Funds 15,000 15,000~~

~~010. Lawrence County Fiscal Court - Cherryville Fire Department - Equipment and Improvements~~

~~Restricted Funds -0- 10,000~~

~~011. Lawrence County Fiscal Court - Fallsburg Fire Department - Equipment and Improvements~~

~~Restricted Funds -0- 10,000~~

~~012. Lawrence County Fiscal Court - Lawrence County Community Center - Facility and Ground Improvements, Related Upgrades and Enhancements at the Community Center~~

~~Restricted Funds 50,000 25,000~~

~~013. Lawrence County Fiscal Court - Lawrence County Industrial Park - Various Industrial Park Improvements and Upgrades~~

~~Restricted Funds 50,000 75,000~~

~~014. Lawrence County Fiscal Court - Louisa #1 Fire Department - Equipment and Improvements~~

~~Restricted Funds -0- 10,000~~

~~015. Lawrence County Fiscal Court - Louisa #2 Fire Department - Equipment and Improvements~~

~~Restricted Funds -0- 10,000~~

~~016. Lawrence County Fiscal Court - Lowmansville Fire Department - Equipment and Improvements~~

~~Restricted Funds -0- 10,000~~

~~017. Lawrence County Fiscal Court - Pleasant Ridge Park - Various Park Improvements~~

~~Restricted Funds 100,000 100,000~~

~~018. Lawrence County Fiscal Court - Stella Moore Recreational Complex - Facility and Ground Improvements, Equipment and other Enhancements~~

~~Restricted Funds 50,000 -0-~~

~~019. Lawrence County Fiscal Court - Webbville Fire Department - Equipment and Improvements~~

~~Restricted Funds -0- 10,000~~

~~020. Lawrence County Board of Education: Louisa Lower Elementary - Facility and Ground Improvements, Technology Upgrades, Curriculum, Program and other Enhancements, Physical Fitness and Playground Equipment Upgrades~~

~~Restricted Funds 25,000 -0-~~

~~021. Lawrence County Board of Education: Louisa Middle School - Facility and Ground Improvements, Technology Upgrades, Curriculum, Program and other Enhancements, Physical Fitness and Playground Equipment Upgrades~~

~~Restricted Funds 25,000 -0-~~

~~**Lee County**~~

~~001. City of Beattyville - Renaissance~~

~~Restricted Funds 100,000 150,000~~

~~002. Lee County Fiscal Court - Ambulance Service - Equipment~~

~~Restricted Funds 100,000 -0-~~

~~003. Lee County Fiscal Court - Museum, Veterans'~~

~~Wing - Improvements~~

~~Restricted Funds 40,000 -0-~~

~~004. Lee County Fiscal Court - KY Mountain Mission~~

~~Inc. of Southeast Kentucky~~

~~Restricted Funds 25,000 -0-~~

~~005. Lee County Fiscal Court - Park - Improvements~~

~~Restricted Funds 50,000 -0-~~

~~006. Lee County Fiscal Court - Senior Citizens - Equipment~~

~~Restricted Funds -0- 47,000~~

~~007. Lee County Fiscal Court - Three Forks Jail~~

~~Restricted Funds 100,000 100,000~~

~~008. Lee County Fiscal Court - Volunteer Fire~~

~~Department - Equipment~~

~~Restricted Funds 50,000 -0-~~

~~**Leslie County**~~

~~001. City of Hyden - Pedway Project~~

~~Restricted Funds 100,000 -0-~~

~~002. Hyden Leslie Water District - Replace Transmission~~

~~Mains in the City of Hyden and Install Fire Hydrants~~

~~Restricted Funds -0- 400,000~~

~~003. Hyden Leslie Water District - Water Line Extension -~~

~~Water Plant Expansion~~

~~Restricted Funds 250,000 200,000~~

~~004. Kentucky River ADD - Past Dues~~

~~Restricted Funds 53,000 -0-~~

~~005. Leslie County Board of Education - Beechfork~~

~~Community Center - Property Acquisition~~

~~Restricted Funds 320,000 -0-~~

~~006. Leslie County Board of Education - Leslie County~~

~~High School Band~~

~~Restricted Funds 14,000 -0-~~

~~007. Leslie County Board of Education - Student Bus~~

~~Loading Canopy~~

~~Restricted Funds -0- 100,000~~

~~008. Leslie County Board of Education - Technology~~

~~Infrastructure and Student Lab Computers~~

~~Restricted Funds 100,000 100,000~~

~~009. Leslie County Fiscal Court - Beechfork Community~~

~~Center - Equipment, Operations and Property Acquisition~~

~~Restricted Funds 180,000 -0-~~

~~010. Leslie County Fiscal Court - Clerks Office - Equipment~~

~~Restricted Funds 20,000 -0-~~

~~011. Leslie County Fiscal Court - Community~~

~~Development Center - Operations~~

~~Restricted Funds 74,000 80,000~~

~~012. Leslie County Fiscal Court - Coon Creek Volunteer~~

~~Fire Department~~

~~Restricted Funds 10,000 20,000~~

~~013. Leslie County Fiscal Court - C.R.E.E.K. Operations~~

~~Restricted Funds 100,000 75,000~~

~~014. Leslie County Fiscal Court - Cutshin Fire and~~

~~Rescue Volunteer Fire Department~~

~~Restricted Funds 10,000 20,000~~

~~015. Leslie County Fiscal Court - Debt Service for~~

~~Refunding Bond Series 2003~~

~~Restricted Funds 113,650 -0-~~

~~016. Leslie County Fiscal Court - Drug Awareness Program~~

~~Restricted Funds 10,000 10,000~~

~~017. Leslie County Fiscal Court - E911 Center -~~

~~New Facility - Construction~~

~~Restricted Funds 500,000 -0-~~

~~018. Leslie County Fiscal Court - E911- Operations~~

~~Restricted Funds 200,000 200,000~~

~~019. Leslie County Fiscal Court - Hyden Volunteer~~

~~Fire Department~~

~~Restricted Funds 10,000 20,000~~

~~020. Leslie County Fiscal Court - Jail Bond Debt (Principal)~~

~~Restricted Funds -0- 500,000~~

~~021. Leslie County Fiscal Court - Leslie County Food Pantry~~

~~Restricted Funds 10,000 -0-~~

~~022. Leslie County Fiscal Court - Leslie County~~

~~Humane Society - Operations~~

~~Restricted Funds 10,000 4,500~~

~~023. Leslie County Fiscal Court - Redbird Fire Department~~

~~Restricted Funds 10,000 -0-~~

~~024. Leslie County Fiscal Court - RV Park - Improvements~~

~~Restricted Funds 75,000 -0-~~

~~025. Leslie County Fiscal Court - Stinnett Fire and~~

~~Rescue Volunteer Fire Department~~

~~Restricted Funds 10,000 20,000~~

~~026. Leslie County Fiscal Court - Stinnett Community~~

~~Center - Community Development Project~~

~~Restricted Funds 150,000 -0-~~

~~027. Leslie County Fiscal Court - Thousandsticks~~

~~Fire and Rescue Volunteer Fire Department~~

~~Restricted Funds 10,000 20,000~~

~~028. Leslie County Fiscal Court - Transportation -~~

~~County Roads - Equipment~~

~~Restricted Funds 425,000 611,441~~

~~029. Leslie County Fiscal Court - Wooten Fire and~~

~~Rescue Volunteer Fire Department~~

~~Restricted Funds 10,000 20,000~~

~~030. Leslie County Fiscal Court - Tim Lee Carter~~

~~Building, Equipment, Repairs~~

~~Restricted Funds -0- 12,800~~

~~**Letcher County**~~

~~001. City of Jenkins - Cumberland Mountain Arts~~

~~and Crafts Council Project - Construction~~

~~Restricted Funds 100,000 -0-~~

~~002. City of Jenkins - Jenkins Water Line - Replacement~~

~~Restricted Funds 100,000 -0-~~

~~003. City of Neon - Neon/Haymond Sewer Project~~

~~Restricted Funds 500,000 -0-~~

~~004. City of Whitesburg - Easta Craft Conway Center -~~

~~Improvements - Operations~~

~~Restricted Funds 100,000 100,000~~

~~005. City of Whitesburg - Whitesburg Wastewater Plant~~

~~Restricted Funds 500,000 -0-~~

~~006. Letcher County Fiscal Court - ATV Trail~~
~~Development Fund - Tourism Development~~
~~Restricted Funds 100,000 -0-~~
~~007. Letcher County Fiscal Court - Colson Volunteer~~
~~Fire Department - Equipment~~
~~Restricted Funds 20,000 -0-~~
~~008. Letcher County Fiscal Court - Cram Creek Water Extension~~
~~Restricted Funds 400,000 -0-~~
~~009. Letcher County Fiscal Court - Cumberland River~~
~~Volunteer Fire Department - Equipment~~
~~Restricted Funds 20,000 -0-~~
~~010. Letcher County Fiscal Court - Cumberland River Water Project~~
~~Restricted Funds -0- 600,000~~
~~011. Letcher County Fiscal Court - Dry Fork Sewer Extension~~
~~Restricted Funds -0- 400,000~~
~~012. Letcher County Fiscal Court - Gordon Community~~
~~Park - Improvements~~
~~Restricted Funds 35,000 -0-~~
~~013. Letcher County Fiscal Court - Gordon Fire~~
~~Department - Vehicle~~
~~Restricted Funds 100,000 -0-~~
~~014. Letcher County Fiscal Court - Gordon~~
~~Volunteer Fire Department - Equipment~~
~~Restricted Funds 20,000 -0-~~
~~015. Letcher County Fiscal Court - Hemphill Community~~
~~Center - Equipment~~
~~Restricted Funds 10,000 10,000~~

~~016. Letcher County Fiscal Court - Highway 1181/~~
~~Highway 15 (Smoot Creek) Water Line Extension~~
~~Restricted Funds -0- 300,000~~
~~017. Letcher County Fiscal Court - Jenkins Volunteer~~
~~Fire Department - Equipment~~
~~Restricted Funds 20,000 -0-~~
~~018. Letcher County Fiscal Court - Kingscreek~~
~~Community Center - Equipment~~
~~Restricted Funds 10,000 10,000~~
~~019. Letcher County Fiscal Court - Kingscreek Volunteer~~
~~Fire Department - Equipment~~
~~Restricted Funds 20,000 -0-~~
~~020. Letcher County Fiscal Court - Letcher County Clerk~~
~~Office - Equipment~~
~~Restricted Funds 30,000 -0-~~
~~021. Letcher County Fiscal Court - Letcher County~~
~~Parks - Improvements~~
~~Restricted Funds 50,000 50,000~~
~~022. Letcher County Fiscal Court - Letcher County PVA~~
~~Office - Equipment~~
~~Restricted Funds 10,000 -0-~~
~~023. Letcher County Fiscal Court - Letcher County~~
~~Recreation Park - Improvements~~
~~Restricted Funds -0- 125,000~~
~~024. Letcher County Fiscal Court - Letcher County~~
~~Sheriff's Department - Equipment~~
~~Restricted Funds 70,000 -0-~~

~~025. Letcher County Fiscal Court - Letcher~~
~~Volunteer Fire Department - Equipment~~
~~Restricted Funds 20,000 -0-~~
~~026. Letcher County Fiscal Court - Mayking~~
~~Volunteer Fire Department - Equipment~~
~~Restricted Funds 20,000 -0-~~
~~027. Letcher County Fiscal Court - McRoberts~~
~~Community Center - Construction~~
~~Restricted Funds 115,000 -0-~~
~~028. Letcher County Fiscal Court - Mountain~~
~~Water District - Booker Branch Water Project~~
~~Restricted Funds 100,000 -0-~~
~~029. Letcher County Fiscal Court - Neon Library -~~
~~Construction~~
~~Restricted Funds 150,000 -0-~~
~~030. Letcher County Fiscal Court - Neon Volunteer~~
~~Fire Department - Equipment~~
~~Restricted Funds 20,000 -0-~~
~~031. Letcher County Fiscal Court - Neon Volunteer~~
~~Fire Department - New Regional Training Center~~
~~Restricted Funds 200,000 200,000~~
~~032. Letcher County Fiscal Court - Partridge~~
~~Community Park - Improvements~~
~~Restricted Funds -0- 25,000~~
~~033. Letcher County Fiscal Court - Sandlick Community~~
~~Park - Improvements~~
~~Restricted Funds -0- 25,000~~

~~034. Letcher County Fiscal Court - Sandlick Volunteer~~
~~Fire Department - Equipment~~
~~Restricted Funds 20,000 -0-~~
~~035. Letcher County Fiscal Court - Thornton Community~~
~~Park - Improvements~~
~~Restricted Funds -0- 25,000~~
~~036. Letcher County Fiscal Court - Whitesburg~~
~~Volunteer Fire Department - Equipment~~
~~Restricted Funds 20,000 -0-~~
~~037. Letcher County Fiscal Court - Eolia Park~~
~~Improvements~~
~~Restricted Funds 25,000 -0-~~
~~038. Letcher County Airport Board - New Airport~~
~~Planning and Engineering~~
~~Restricted Funds 20,000 -0-~~
~~039. Letcher County Board of Education - Purchase~~
~~Mayking Head Start Building for LKLP Head Start~~
~~Restricted Funds 120,000 -0-~~
~~040. Southeast Kentucky Community Technical~~
~~College - Explore College Program~~
~~Restricted Funds 150,000 -0-~~
~~041. Letcher County Board of Education - Letcher~~
~~County Central Vocational School~~
~~Restricted Funds 750,000 -0-~~
~~042. City of Jenkins - Jenkins Sewer System - Upgrades~~
~~Restricted Funds 125,000 -0-~~

~~**Magoffin County**~~

~~001. Magoffin County Fiscal Court -~~
~~Administration Building~~
~~Restricted Funds 500,000 -0-~~
~~002. Magoffin County Fiscal Court - Bloomington~~
~~Fire Department - Equipment~~
~~Restricted Funds -0- 20,000~~
~~003. Magoffin County Fiscal Court - City Hall - Restoration~~
~~Restricted Funds 100,000 100,000~~
~~004. Magoffin County Fiscal Court - Horse Arena~~
~~Restricted Funds 150,000 -0-~~
~~005. Magoffin County Fiscal Court - Magoffin County~~
~~Rescue Squad - Equipment and Operations~~
~~Restricted Funds 35,000 -0-~~
~~006. Magoffin County Fiscal Court - Magoffin County~~
~~Sheriff's Office - Vehicle and Safety Equipment~~
~~Restricted Funds 15,200 60,000~~
~~007. Magoffin County Fiscal Court - Middle Fork Fire~~
~~Department - Equipment~~
~~Restricted Funds -0- 20,000~~
~~008. Magoffin County Fiscal Court - Northern Magoffin~~
~~Fire Department - Equipment~~
~~Restricted Funds -0- 20,000~~
~~009. Magoffin County Fiscal Court - Ramey Memorial~~
~~Park and Bridge Match~~
~~Restricted Funds -0- 135,000~~
~~010. Magoffin County Fiscal Court - Reach - Operations~~
~~Restricted Funds 20,000 -0-~~

~~011. Magoffin County Fiscal Court - Royalton Fire~~
~~Department - Equipment~~
~~Restricted Funds -0- 20,000~~
~~012. Magoffin County Fiscal Court - Salyersville~~
~~Fire Department~~
~~Restricted Funds -0- 80,000~~
~~013. Magoffin County Fiscal Court - Salyersville Renaissance~~
~~Restricted Funds -0- 50,000~~
~~014. Magoffin County Fiscal Court - Salyersville Fire~~
~~Department - Equipment~~
~~Restricted Funds -0- 20,000~~
~~015. Magoffin County Fiscal Court - Teen Center - Operations~~
~~Restricted Funds -0- 20,000~~
~~016. Magoffin County Fiscal Court - D.A.V. Chapter 15~~
~~Restricted Funds 25,000 -0-~~
~~017. Magoffin County Fiscal Court - American Legion~~
~~Roy Cain Post 150~~
~~Restricted Funds 25,000 -0-~~

~~**Martin County**~~

~~001. Martin County Board of Education -~~
~~Family Resource Centers - Improvements~~
~~Restricted Funds 60,000 -0-~~
~~002. Martin County Board of Education - Youth~~
~~Activities Facility - Construction~~
~~Restricted Funds 250,000 -0-~~
~~003. Martin County Fiscal Court - Courthouse -~~
~~Renovation~~

~~Restricted Funds 150,000 -0-~~

~~004. Martin County Fiscal Court - Fire Hydrants~~

~~Restricted Funds 50,000 -0-~~

~~005. Martin County Fiscal Court - Inez Park - Improvements~~

~~Restricted Funds 25,000 -0-~~

~~006. Martin County Fiscal Court - Mountain Scenic~~

~~Overlook - Construction~~

~~Restricted Funds 75,000 -0-~~

~~007. Martin County Fiscal Court - New Warfield~~

~~Firehouse - Construction~~

~~Restricted Funds 75,000 -0-~~

~~008. Martin County Fiscal Court - Pigeon Roost~~

~~Park - Improvements~~

~~Restricted Funds 50,000 -0-~~

~~009. Martin County Fiscal Court - Public Library -~~

~~Automation~~

~~Restricted Funds 50,000 -0-~~

~~010. Martin County Fiscal Court - Public Library -~~

~~Rufus Reed - Improvements~~

~~Restricted Funds 25,000 -0-~~

~~011. Martin County Fiscal Court - Ray Fields~~

~~Park - Renovation of Swimming Pool~~

~~Restricted Funds 100,000 -0-~~

~~012. Martin County Fiscal Court - Roy F. Collier~~

~~Community Center - Operations Grant~~

~~Restricted Funds 250,000 -0-~~

~~013. Martin County Fiscal Court - Sheriff Offices -~~

~~Vehicles~~

~~Restricted Funds 100,000 -0-~~

~~014. Martin County Fiscal Court - Technology~~

~~Building - Construction~~

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

~~015. Martin County Fiscal Court - Warfield~~

~~Park - Improvements~~

~~Restricted Funds 25,000 -0-~~

~~016. Martin County Fiscal Court - Wolfe Creek~~

~~Substance Abuse Center for Women - Improvements~~

~~Restricted Funds 200,000 -0-~~

~~017. Martin County Fiscal Court - Complete~~

~~Construction on Historical Building~~

~~Restricted Funds 125,000 -0-~~

~~**McCreary County**~~

~~001. McCreary County Fiscal Court - Feasibility~~

~~Study - Cumberland Falls~~

~~Restricted Funds -0- 25,000~~

~~002. McCreary County Fiscal Court - Park Site Development~~

~~Restricted Funds 101,300 89,700~~

~~003. McCreary County Fiscal Court - Senior Citizens~~

~~Building - Improvements~~

~~Restricted Funds 50,000 -0-~~

~~004. McCreary County Industrial Development~~

~~Authority - Industrial Equipment and Development~~

~~Restricted Funds 35,000 35,000~~

~~**McLean County**~~

~~001. McLean County Fiscal Court - Broad Band~~

~~Restricted Funds -0- 100,000~~

~~002. McLean County Fiscal Court - Fire Hydrants~~

~~Restricted Funds -0- 19,362~~

~~003. McLean County Fiscal Court - Parks Board~~

~~Restricted Funds -0- 50,000~~

~~004. McLean County Fiscal Court - Southeast District~~

~~Fire Station - Building Expansion~~

~~Restricted Funds 23,379 -0-~~

~~005. McLean County Fiscal Court - Water Extension -~~

~~Leachman School House Road~~

~~Restricted Funds 40,000 -0-~~

~~006. McLean County Fiscal Court - Water Extension -~~

~~Beech Grove~~

~~Restricted Funds -0- 75,000~~

~~007. McLean County Fiscal Court - Water Extension -~~

~~Leachman School House Road~~

~~Restricted Funds -0- 60,000~~

~~**Menifee County**~~

~~001. City of Frenchburg - Feasibility Study for Horse~~

~~Trail Development Around Cave Run Lake and/or~~

~~Trail Development at Murder Branch~~

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

~~002. City of Frenchburg - Pedestrian Walkway - Front~~

~~of Menifee County High School~~

~~Restricted Funds 20,000 -0-~~

~~003. Menifee County Board of Education - Botts~~

~~Elementary - Playground Equipment~~

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

~~004. Menifee County Board of Education - Botts~~

~~Elementary School - Facility and Ground~~

~~Improvements, Technology Upgrades, Curriculum,~~

~~Program and Other Enhancements, Physical Fitness~~

~~and Playground Equipment Upgrades~~

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

~~005. Menifee County Board of Education - Frenchburg~~

~~Elementary School - Facility and Ground~~

~~Improvements, Technology Upgrades, Curriculum,~~

~~Program and Other Enhancements, Physical Fitness~~

~~and Playground Equipment Upgrades~~

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

~~006. Menifee County Board of Education - Menifee~~

~~County High School - Facility and Ground~~

~~Improvements, Technology Upgrades, Curriculum,~~

~~Program and Other Enhancements, Physical Fitness~~

~~and Equipment Upgrades~~

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

~~007. Menifee County Board of Education - Menifee County~~

~~Middle School - Facility and Ground Improvements,~~

~~Technology Upgrades, Curriculum, Program and Other~~

~~Enhancements, Physical Fitness and Equipment Upgrades~~

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

~~008. Menifee County Board of Education - Menifee~~

~~County Middle School - Facility and Ground~~

~~Improvements, Technology Upgrades, Curriculum,~~
~~Program and Other Enhancements, Physical Fitness~~
~~and Playground Equipment Upgrades~~
~~Restricted Funds 5,000 -0-~~
~~009. Menifee County Fiscal Court - 911 Emergency~~
~~Dispatch Center Upgrades~~
~~Restricted Funds -0- 20,000~~
~~010. Menifee County Fiscal Court - Baseball Field - Improvements~~
~~Restricted Funds -0- 20,000~~
~~011. Menifee County Fiscal Court - Emergency Rescue~~
~~Squad - Equipment and Operations~~
~~Restricted Funds -0- 5,000~~
~~012. Menifee County Fiscal Court - Public Library -~~
~~50/50 Match Automated Upgrade Grant~~
~~Restricted Funds -0- 10,000~~
~~013. Menifee County Fiscal Court - Sheriff - Transport Van~~
~~Restricted Funds -0- 30,000~~
~~014. Menifee County Fiscal Court - Sheriff's Office - Equipment~~
~~Restricted Funds 15,000 5,000~~

~~**Morgan County**~~

~~001. Morgan County Board of Education - Alternative~~
~~School Program~~
~~Restricted Funds 50,000 50,000~~
~~002. Morgan County Board of Education - Canel City~~
~~Elementary - Facility and Ground Improvements,~~
~~Technology Upgrades, Curriculum, Program and~~
~~Other Enhancements, Physical Fitness and Playground~~

~~Equipment Upgrades~~

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

~~003. Morgan County Board of Education - East Valley Elementary - Facility and Ground Improvements, Technology Upgrades, Curriculum, Program and Other Enhancements, Physical Fitness and Playground Equipment Upgrades~~

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

~~004. Morgan County Board of Education - Ezel Elementary - Facility and Ground Improvements, Technology Upgrades, Curriculum, Program and Other Enhancements, Physical Fitness and Playground Equipment Upgrades~~

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

~~005. Morgan County Board of Education - Football Field - Renovate Dressing Facilities~~

~~Restricted Funds 18,000 -0-~~

~~006. Morgan County Board of Education - High School - Concession Stand - Equipment and Improvements~~

~~Restricted Funds 10,000 -0-~~

~~007. Morgan County Board of Education - High School - Football Field - Improvements~~

~~Restricted Funds 20,000 -0-~~

~~008. Morgan County Board of Education - High School - Track and Practice Field - Improvements~~

~~Restricted Funds 60,000 -0-~~

~~009. Morgan County Board of Education - Morgan County High School - Day Treatment Drug Program~~

~~Restricted Funds 10,000 25,000~~

~~010. Morgan County Board of Education - Morgan County High School - Facility and Ground Improvements, Technology Upgrades, Curriculum, Program and Other Enhancements, Physical Fitness and Equipment Upgrades~~

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

~~011. Morgan County Board of Education - Morgan Middle School - Facility and Ground Improvements, Technology Upgrades, Curriculum, Program and Other Enhancements, Physical Fitness and Equipment Upgrades~~

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

~~012. Morgan County Board of Education - West Liberty Elementary - Facility and Ground Improvements, Technology Upgrades, Curriculum, Program and Other Enhancements, Physical Fitness and Playground Equipment Upgrades~~

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

~~013. Morgan County Board of Education - Wrigley Elementary - Facility and Ground Improvements, Technology Upgrades, Curriculum, Program and Other Enhancements, Physical Fitness and Playground Equipment Upgrades~~

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

~~014. Appalachian Regional Hospital - Diabetes Program -~~
~~Regional, Technology and Business Center~~
~~Restricted Funds 20,000 20,000~~
~~015. Blackwater Fire Department - Equipment,~~
~~Operating and Improvements - Regional,~~
~~Technology and Business Center~~
~~Restricted Funds 5,000 -0-~~
~~016. Caney Valley Fire Department - Equipment,~~
~~Operating and Improvements - Regional,~~
~~Technology and Business Center~~
~~Restricted Funds 5,000 -0-~~
~~017. Crockett Fire Department - Equipment,~~
~~Operating and Improvements - Regional,~~
~~Technology and Business Center~~
~~Restricted Funds 5,000 -0-~~
~~018. Disabled American Vets - Operating Expenses -~~
~~Regional, Technology and Business Center~~
~~Restricted Funds 5,000 5,000~~
~~019. East Kentucky ATV Association - Equipment~~
~~and Trail Improvements - Regional, Technology~~
~~and Business Center~~
~~Restricted Funds 10,000 -0-~~
~~020. Feasibility Study for the Morgan County~~
~~Saddle Club for Horse Trail Development~~
~~Around Cave Run Lake/Trail Development~~
~~Restricted Funds 15,000 -0-~~
~~021. Food Pantry - Regional, Technology and~~

~~Business Center - Operations~~

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

~~022. Oral Health Screening for Elderly with UK -~~

~~Regional, Technology and Business Center~~

~~Restricted Funds -0- 25,000~~

~~023. Peddler Gap Fire Department - Equipment,~~

~~Operating and Improvements - Regional,~~

~~Technology and Business Center~~

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

~~024. Morgan County Public Library - Maintenance, Equipment~~

~~and Upgrades~~

~~Restricted Funds 10,000 10,000~~

~~025. Senior Citizens - Operations - Regional,~~

~~Technology and Business Center~~

~~Restricted Funds 5,000 5,000~~

~~026. Sheriff's Department - Equipment~~

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

~~027. White Oak Fire Department - Equipment,~~

~~Operating and Improvements - Regional,~~

~~Technology and Business Center~~

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

~~028. WPA Museum - Operating and Maintenance -~~

~~Regional, Technology and Business Center~~

~~Restricted Funds -0- 10,000~~

~~029. Morgan County Rescue Squad - Operations,~~

~~Improvements and Equipment - Regional,~~

~~Technology and Business Center~~

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

~~030. 519 Fire Department - Equipment, Operating and Improvements - Regional, Technology and Business Center~~

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

~~031. Wrigley Fire Department - Equipment, Operating and Improvements - Regional, Technology and Business Center~~

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

~~032. Morgan County Board of Education - Morgan County High School Industrial Education Building Renovation~~

~~Restricted Funds 25,000 -0-~~

~~033. Morgan County Tuition Grant Program - Regional, Technology and Business Center~~

~~Restricted Funds -0- 60,000~~

~~**Muhlenberg County**~~

~~001. City of Bremen - Community Center Repair~~

~~Restricted Funds 10,000 -0-~~

~~002. City of Drakesboro - Brown Field Remediation Project, to Locate City Building Complex on Old Aluminum Smelter Facility~~

~~Restricted Funds 205,000 -0-~~

~~003. Muhlenberg County Board of Health - Construction of Wellness Center - located at the intersection of Cleaton Rd. and US 62 North or on the West Side of US 62 N Approx. 1/2 Mile N of Northern City Limit of Powderly~~

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

~~004. Muhlenberg County Fiscal Court for Muhlenberg Economic Enterprises Inc. (Industrial Board) to Operate Industrial Recruitment Program for Economic Development of Muhlenberg County~~

~~Restricted Funds 250,000 -0-~~

~~005. City of Greenville - Divide Equally to all Muhlenberg Fire Departments to Purchase Needed Equipment~~

~~Restricted Funds 35,212 -0-~~

~~**Ohio County**~~

~~001. Ohio County Fiscal Court - 911 Equipment (Workstation and Radios)~~

~~Restricted Funds 45,000 -0-~~

~~002. Ohio County Fiscal Court - Airport Water Line with Hydrant~~

~~Restricted Funds 48,000 -0-~~

~~003. Ohio County Fiscal Court - Ambulance - Vehicle~~

~~Restricted Funds 65,000 -0-~~

~~004. Ohio County Fiscal Court - Bluegrass Crossings Industrial Park - Infrastructure~~

~~Restricted Funds 174,000 -0-~~

~~005. Ohio County Fiscal Court - Broadband Infrastructure~~

~~Restricted Funds 250,000 -0-~~

~~006. Ohio County Fiscal Court - Eight Welcome Ohio County Signs~~

~~Restricted Funds 19,000 -0-~~

~~007. Ohio County Fiscal Court - Repair 2 Bridges - Hamlin Chapel Road #C-285~~

~~Restricted Funds 35,000 -0-~~

~~008. Ohio County Fiscal Court - Road Department - Backhoe~~

~~Restricted Funds 70,000 -0-~~

~~009. Ohio County Fiscal Court - Road Department - De-icer Equipment~~

~~Restricted Funds 25,000 -0-~~

~~010. Ohio County Fiscal Court - Seven Community Weather Sirens~~

~~Restricted Funds 110,000 -0-~~

~~011. Ohio County Fiscal Court - Sports Complex - Improvements~~

~~Restricted Funds 50,000 -0-~~

~~012. Ohio County Fiscal Court - Bill Monroe Museum / Art Center - Planning and Design~~

~~Restricted Funds 250,000 -0-~~

~~**Owsley County**~~

~~001. City of Booneville - Match Money for Police Cruiser~~

~~Restricted Funds 8,000 -0-~~

~~002. Owsley County Board of Education - Capital Construction and Equipment - "The Owl"~~

~~Restricted Funds 25,000 25,000~~

~~003. Owsley County Fiscal Court - Booneville City Fire Department - Equipment~~

~~Restricted Funds 10,000 10,000~~

~~004. Owsley County Fiscal Court - Cemetery -~~
~~Cleanup Costs~~
~~Restricted Funds -0- 15,000~~
~~005. Owsley County Fiscal Court - Industrial Authority -~~
~~Operating Expenses~~
~~Restricted Funds -0- 29,365~~
~~006. Owsley County Fiscal Court - Industrial Loan for Spec~~
~~Building in Industrial Park - Paying Interest on Building~~
~~Restricted Funds 16,126 -0-~~
~~007. Owsley County Fiscal Court - Island City Fire~~
~~Department - Equipment~~
~~Restricted Funds 10,000 10,000~~
~~008. Owsley County Fiscal Court - Senior Citizens~~
~~Center - Repairs and Construction~~
~~Restricted Funds 100,000 100,000~~
~~009. Owsley County Fiscal Court - Sheriff's Office~~
~~Restricted Funds 45,000 -0-~~
~~010. Owsley County Fiscal Court - Three Forks~~
~~Regional Jail - Maintenance and Expenses~~
~~Restricted Funds -0- 200,000~~
~~011. Owsley County Fiscal Court - Vincent Fire~~
~~Department - Equipment~~
~~Restricted Funds 10,000 10,000~~
~~012. Owsley County Library Board - Land Acquisition~~
~~Restricted Funds 150,000 -0-~~

~~**Perry County**~~

~~001. City of Buckhorn - Buckhorn Lake - Economic~~

~~Development Fund~~		
~~Restricted Funds~~	~~150,000~~	~~-0-~~
~~002. City of Buckhorn - Sewer and Water - Operations and Expense~~		
~~Restricted Funds~~	~~200,000~~	~~-0-~~
~~003. City of Hazard - Equipment Fund~~		
~~Restricted Funds~~	~~250,000~~	~~-0-~~
~~004. Hazard Independent School Board - Expense~~		
~~Restricted Funds~~	~~100,000~~	~~50,000~~
~~005. Perry County Board of Education - Perry County Schools - Expense and Air Conditioning for High School Gym~~		
~~Restricted Funds~~	~~150,000~~	~~150,000~~
~~006. Perry County Fiscal Court - Economic Development and Tourism Initiative - Operations and Expense~~		
~~Restricted Funds~~	~~100,000~~	~~300,000~~
~~007. Perry County Fiscal Court - Avawam Volunteer Fire Department - Operations and Equipment~~		
~~Restricted Funds~~	~~5,384~~	~~5,384~~
~~008. Perry County Fiscal Court - Buckhorn Volunteer Fire Department - Operations and Equipment~~		
~~Restricted Funds~~	~~5,384~~	~~5,384~~
~~009. Perry County Fiscal Court - Challenger Center - Operations and Expense~~		
~~Restricted Funds~~	~~100,000~~	~~100,000~~
~~010. Perry County Fiscal Court - Civil War~~		

~~Reenactment - Tourism Fund~~

~~Restricted Funds 10,000 10,000~~

~~011. Perry County Fiscal Court - Clerk's Office -~~

~~Virtual Court House Modernization~~

~~Restricted Funds 50,000 -0-~~

~~012. Perry County Fiscal Court - Cornettsville~~

~~Volunteer Fire Department - Operations and Equipment~~

~~Restricted Funds 5,384 5,384~~

~~013. Perry County Fiscal Court - Fisty Volunteer Fire~~

~~Department - Operations and Equipment~~

~~Restricted Funds 5,384 5,384~~

~~014. Perry County Fiscal Court - Grapevine Chavies~~

~~Volunteer Fire Department - Operations and Equipment~~

~~Restricted Funds 5,384 5,384~~

~~015. Perry County Fiscal Court - Jakes Branch Volunteer~~

~~Fire Department - Operations and Equipment~~

~~Restricted Funds 5,384 5,384~~

~~016. Perry County Fiscal Court - Joshua's Dream -~~

~~Drug Rehabilitation~~

~~Restricted Funds 150,000 -0-~~

~~017. Perry County Fiscal Court - Krypton Volunteer Fire~~

~~Department - Operations and Equipment~~

~~Restricted Funds 5,384 5,384~~

~~018. Perry County Fiscal Court - Leatherwood~~

~~Volunteer Fire Department - Operations and Equipment~~

~~Restricted Funds 5,384 5,384~~

~~019. Perry County Fiscal Court - Lost Creek~~

~~Volunteer Fire Department - Operations and Equipment~~		
~~Restricted Funds~~	~~5,384~~	~~5,384~~
~~020. Perry County Fiscal Court - Lotts Creek~~		
~~Volunteer Fire Department - Operations and Equipment~~		
~~Restricted Funds~~	~~5,384~~	~~5,384~~
~~021. Perry County Fiscal Court - Park - Expansion~~		
~~and Maintenance~~		
~~Restricted Funds~~	~~200,000~~	~~-0-~~
~~022. Perry County Fiscal Court - Regional Jail -~~		
~~Operations and Expense~~		
~~Restricted Funds~~	~~250,000~~	~~-0-~~
~~023. Perry County Fiscal Court - Senior Citizens -~~		
~~Sustenance Fund and New Building Expense~~		
~~Restricted Funds~~	~~20,000~~	~~20,000~~
~~024. Perry County Fiscal Court - Senior Citizens -~~		
~~Wellness Center~~		
~~Restricted Funds~~	~~-0-~~	~~330,000~~
~~025. Perry County Fiscal Court - Sewer Treatment -~~		
~~Pilot Project Hiner Sewer~~		
~~Restricted Funds~~	~~100,000~~	~~50,000~~
~~026. Perry County Fiscal Court - Sheriff - Operating~~		
~~Expense to Combat Drugs~~		
~~Restricted Funds~~	~~250,000~~	~~-0-~~
~~027. Perry County Fiscal Court - South Perry Water~~		
~~Line - Expansion Phase II and Phase III~~		
~~Restricted Funds~~	~~73,000~~	~~442,000~~
~~028. Perry County Fiscal Court - Troublesome Creek~~		

~~Volunteer Fire Department - Operations and Equipment~~

~~Restricted Funds 5,384 5,384~~

~~029. Perry County Fiscal Court - University Center~~

~~of the Mountains - Operations and Expense~~

~~Restricted Funds -0- 500,000~~

~~030. Perry County Fiscal Court - University of Kentucky~~

~~for Rural Health Indigent Primary School -~~

~~Operations and Expense~~

~~Restricted Funds 250,000 -0-~~

~~031. Perry County Fiscal Court - Vicco Volunteer~~

~~Fire Department - Operations and Equipment~~

~~Restricted Funds 5,384 5,384~~

~~032. Perry County Fiscal Court - Viper Volunteer Fire~~

~~Department - Operations and Equipment~~

~~Restricted Funds 5,384 5,384~~

~~033. Perry County Fiscal Court - Wendell Ford Airport Expansion~~

~~Restricted Funds 200,000 -0-~~

~~034. Perry County Fiscal Court - Sewer Maintenance/Improvement~~

~~Restricted Funds -0- 200,000~~

~~035. Perry County Fiscal Court - Lower Lost Creek Water Line Extension~~

~~Restricted Funds 400,000 -0-~~

~~**Pike County**~~

~~001. City of Pikeville - Big Sandy Heritage Center~~

~~Restricted Funds 25,000 25,000~~

~~002. City of Pikeville - Bob Amos Park - Sidewalks~~

~~and Improvements~~

~~Restricted Funds 100,000 100,000~~

~~003. City of Pikeville - Domestic Violence Center~~

~~Restricted Funds 75,000 75,000~~

~~004. City of Pikeville - Humane Society - Operating~~

~~Restricted Funds 100,000 -0-~~

~~005. City of Pikeville - Marion Branch Economic~~

~~Development - Construction~~

~~Restricted Funds 500,000 500,000~~

~~006. City of Pikeville - Pike/Floyd Sewer Project~~

~~Restricted Funds 300,000 -0-~~

~~007. Mountain Water District - Elkhorn Creek Water~~

~~Restricted Funds -0- 300,000~~

~~008. Mountain Water District - Forest Hill Sewer Phase II~~

~~Restricted Funds 1,280,000 -0-~~

~~009. Mountain Water District - Justiceville / Garden~~

~~Village Sewer / Shelby Phase IV~~

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

~~010. Mountain Water District - LMI Connections~~

~~Water Project~~

~~Restricted Funds 400,000 -0-~~

~~011. Mountain Water District - Millard Water~~

~~Main Replacement~~

~~Restricted Funds -0- 400,000~~

~~012. Mountain Water District - Smith Fork Sewer Project~~

~~Restricted Funds -0- 1,400,000~~

~~013. Mountain Water District - Water Plant Expansion~~

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

~~014. Pike County Board of Education - Belfrey~~

~~YSC - Operating~~

~~Restricted Funds 4,296 -0-~~

~~015. Pike County Board of Education - Belfry Middle~~

~~School - Operating~~

~~Restricted Funds 3,561 -0-~~

~~016. Pike County Board of Education - Bevins~~

~~Elementary School - Operating~~

~~Restricted Funds 1,752 -0-~~

~~017. Pike County Board of Education - Blackberry~~

~~Elementary School - Operating~~

~~Restricted Funds 1,639 -0-~~

~~018. Pike County Board of Education - Dorton~~

~~Elementary School - Operating~~

~~Restricted Funds 3,957 -0-~~

~~019. Pike County Board of Education - East Ridge~~

~~YSC - Operating~~

~~Restricted Funds 7,688 -0-~~

~~020. Pike County Board of Education - Elkhorn City~~

~~Elementary - Operating~~

~~Restricted Funds 9,893 -0-~~

~~021. Pike County Board of Education - Feds~~

~~Creek - Operating~~

~~Restricted Funds 7,123 -0-~~

~~022. Pike County Board of Education - Johns~~

~~Creek - Operating~~

~~Restricted Funds 3,844 -0-~~

~~023. Pike County Board of Education - Kimper~~

~~Elementary School - Operating~~		
~~Restricted Funds~~	~~1,865~~	~~-0-~~
~~024. Pike County Board of Education - Millard~~		
~~Middle School - Operating~~		
~~Restricted Funds~~	~~4,409~~	~~-0-~~
~~025. Pike County Board of Education -~~		
~~Mullins - Operating~~		
~~Restricted Funds~~	~~2,940~~	~~-0-~~
~~026. Pike County Board of Education - Phelps~~		
~~Elementary School - Operating~~		
~~Restricted Funds~~	~~4,918~~	~~-0-~~
~~027. Pike County Board of Education - Phelps~~		
~~High School - Athletic Field - Improvements~~		
~~Restricted Funds~~	~~100,000~~	~~-0-~~
~~028. Pike County Board of Education - Phelps~~		
~~YSC - Operating~~		
~~Restricted Funds~~	~~8,140~~	~~-0-~~
~~029. Pike County Board of Education - Pike~~		
~~Central - Operating~~		
~~Restricted Funds~~	~~5,031~~	~~-0-~~
~~030. Pike County Board of Education - Pike Central~~		
~~High School - Athletic Complex - Equipment,~~		
~~Operating and Improvements~~		
~~Restricted Funds~~	~~25,000~~	~~25,000~~
~~031. Pike County Board of Education - Robinson~~		
~~Creek - Operating~~		
~~Restricted Funds~~	~~4,522~~	~~-0-~~

~~032. Pike County Board of Education - Runyon~~
~~Elementary School - Operating~~
~~Restricted Funds 4,070 -0-~~
~~033. Pike County Board of Education - Shelby~~
~~Valley - Operating~~
~~Restricted Funds 4,296 -0-~~
~~034. Pike County Board of Education - Shelby Valley~~
~~High School - Athletic Field - Improvements~~
~~Restricted Funds 100,000 -0-~~
~~035. Pike County Board of Education - Southside~~
~~Elementary School - Operating~~
~~Restricted Funds 4,975 -0-~~
~~036. Pike County Board of Education - Virgie Middle~~
~~School - Operating~~
~~Restricted Funds 2,261 -0-~~
~~037. Pike County Board of Education -GF Johnson -~~
~~Operating~~
~~Restricted Funds 2,657 -0-~~
~~038. Pike County Board of Education -Majestic~~
~~Elementary School - Operating~~
~~Restricted Funds 6,162 -0-~~
~~039. Pike County Fiscal Court - Belfry Fire~~
~~Department - Equipment, Operating and~~
~~Improvements~~
~~Restricted Funds 50,000 -0-~~
~~040. Pike County Fiscal Court - Big Creek Fire~~
~~Department - Operations~~

~~Restricted Funds 50,000 -0-~~

~~041. Pike County Fiscal Court - Big Sandy Child Advocacy Center~~

~~Restricted Funds 25,000 25,000~~

~~042. Pike County Fiscal Court - Blackberry Senior Citizens Program - Construction, Operating and Improvements~~

~~Restricted Funds 50,000 -0-~~

~~043. Pike County Fiscal Court - City of Elkhorn City - Housing Development Corporation~~

~~Restricted Funds 100,000 -0-~~

~~044. Pike County Fiscal Court - East Kentucky Expo Center~~

~~Restricted Funds 100,000 -0-~~

~~045. Pike County Fiscal Court - Elkhorn City Art Center~~

~~Restricted Funds 100,000 -0-~~

~~046. Pike County Fiscal Court - Elkhorn City Heritage Council~~

~~Restricted Funds 5,000 5,000~~

~~047. Pike County Fiscal Court - Elkhorn City Railroad Museum - Equipment, Operating and Improvements~~

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

~~048. Pike County Fiscal Court - Elkhorn City Renaissance Program - Equipment, Operating and Improvements~~

~~Restricted Funds 20,000 -0-~~

~~049. Pike County Fiscal Court - Elkhorn City Water~~

~~Lines - Repair, Replace & Restore - Equipment,~~

~~Operating, and Improvements~~

~~Restricted Funds 200,000 -0-~~

~~050. Pike County Fiscal Court - Feds Creek~~

~~Fire Department - Equipment, Operating~~

~~and Improvements~~

~~Restricted Funds 50,000 -0-~~

~~051. Pike County Fiscal Court - Ferrells Creek~~

~~Fire Department - Operating and Improvements~~

~~Restricted Funds 50,000 -0-~~

~~052. Pike County Fiscal Court - Hatfield Fire~~

~~Department - Equipment, Operating and Improvements~~

~~Restricted Funds -0- 50,000~~

~~053. Pike County Fiscal Court - Hatfield McCoy~~

~~Trail Development Fund - Tourism Development~~

~~Restricted Funds 100,000 -0-~~

~~054. Pike County Fiscal Court - Hellier Veterans~~

~~Center - Improvements~~

~~Restricted Funds 20,000 -0-~~

~~055. Pike County Fiscal Court - HOPE, Inc.~~

~~(3 Centers) - Equipment, Operating and Improvements~~

~~Restricted Funds 75,000 75,000~~

~~056. Pike County Fiscal Court - Johns Creek Community~~

~~Center - Improvements~~

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

~~057. Pike County Fiscal Court - Kimper Fire~~

~~Department - New Trucks~~

~~Restricted Funds 150,000 -0-~~

~~058. Pike County Fiscal Court - KY HOPE -~~

~~Equipment, Operating and Improvements~~

~~Restricted Funds 80,000 80,000~~

~~059. Pike County Fiscal Court - Long Fork Community~~

~~Center - Construction, Equipment and Operating Costs~~

~~Restricted Funds 50,000 150,000~~

~~060. Pike County Fiscal Court - Lower Johns Creek~~

~~Fire Department - Equipment~~

~~Restricted Funds -0- 25,000~~

~~061. Pike County Fiscal Court - Old Pond~~

~~Fire Department~~

~~Restricted Funds 25,000 -0-~~

~~062. Pike County Fiscal Court - Open Fork Community~~

~~Center - Equipment, Operating and Improvements~~

~~Restricted Funds 50,000 -0-~~

~~063. Pike County Fiscal Court - Phelps Fire~~

~~Department - Building Expansion~~

~~Restricted Funds 30,000 -0-~~

~~064. Pike County Fiscal Court - Pike County~~

~~DAV/VFW - Operating and Improvements~~

~~Restricted Funds 50,000 50,000~~

~~065. Pike County Fiscal Court - Pike County Fire~~

~~Departments - Equipment, Operating and Improvements~~

~~Restricted Funds 100,000 100,000~~

~~066. Pike County Fiscal Court - Pike County Jail -~~

~~Improvements~~

~~Restricted Funds~~	~~250,000~~	~~250,000~~
~~067. Pike County Fiscal Court - Pike County Recreational Department~~		
~~Restricted Funds~~	~~240,000~~	~~240,000~~
~~068. Pike County Fiscal Court - Senior Citizens Program - Equipment, Operating and Improvements~~		
~~Restricted Funds~~	~~100,000~~	~~-0-~~
~~069. Pike County School Board - Belfry - Athletic Complex - Equipment, Operating and Improvements~~		
~~Restricted Funds~~	~~25,000~~	~~25,000~~
~~070. Pike County School Board - Phelps High School - Phelps History Center - Equipment, Operating and Improvements~~		
~~Restricted Funds~~	~~35,000~~	~~35,000~~
~~071. KCTCS - Hazard Community College - Kentucky Coal Academy Program~~		
~~Restricted Funds~~	~~125,000~~	~~125,000~~
~~072. Pike County Fiscal Court - Pike County Sheriff's Office - Equipment Purchases (Cruisers)~~		
~~Restricted Funds~~	~~150,000~~	~~-0-~~
~~073. Pike County Fiscal Court - Pikeville Medical Center - Juvenile Drug Treatment Program~~		
~~Restricted Funds~~	~~125,000~~	~~125,000~~
~~074. Pike County Fiscal Court - Westcare Kentucky - Pike County Facility - Operations Support~~		
~~Restricted Funds~~	~~125,000~~	~~125,000~~
~~075. Pike County Fiscal Court - Elkhorn City Heritage~~		

~~Council - White Water Park Feasibility Study~~

~~Restricted Funds 25,000 -0-~~

~~076. Pike County Board of Education - East Ridge High~~

~~School - Athletic Programs~~

~~Restricted Funds 50,000 -0-~~

~~077. Pike County Board of Education - Pikeville High~~

~~School for Athletic Programs~~

~~Restricted Funds 50,000 -0-~~

~~**Rockcastle County**~~

~~001. City of Mt. Vernon - Reconstruct Sidewalk/~~

~~Lovell Lane~~

~~Restricted Funds 40,000 -0-~~

~~002. Rockcastle County Fiscal Court - Brindle Ridge~~

~~Fire Department - Equipment~~

~~Restricted Funds 10,000 7,500~~

~~003. Rockcastle County Fiscal Court - Broadhead~~

~~Fire Department - Equipment~~

~~Restricted Funds 10,000 7,500~~

~~004. Rockcastle County Fiscal Court - Kentucky Music~~

~~Museum and Hall of Fame - Improvements~~

~~Restricted Funds 150,000 93,800~~

~~005. Rockcastle County Fiscal Court - Livingston Fire~~

~~Department - Equipment~~

~~Restricted Funds 10,000 7,500~~

~~006. Rockcastle County Fiscal Court - Mt. Vernon~~

~~Fire Department - Equipment~~

~~Restricted Funds 10,000 7,500~~

~~007. Rockcastle County Fiscal Court - Quail Fire~~
~~Department - Equipment~~
~~Restricted Funds 10,000 7,500~~
~~008. Rockcastle County Fiscal Court - Rockcastle Fire~~
~~Department - Equipment~~
~~Restricted Funds 10,000 7,500~~

~~**Union County**~~

~~001. City of Sturgis - Rest Home - Window Replacement,~~
~~Tile, and Other Needed Furnishings~~
~~Restricted Funds 50,000 -0-~~
~~002. Union County Fiscal Court - Morganfield~~
~~Renaissance Park~~
~~Restricted Funds 15,000 -0-~~
~~003. Union County Fiscal Court - Elkwood Public~~
~~Golf Course - Equipment to Maintain Fairways~~
~~and Greens, Paving of Cart Path and Other Needs~~
~~of the Golf Course Including but not Limited to~~
~~the Pro Golf Shop~~
~~Restricted Funds 75,000 -0-~~
~~004. Union County Fiscal Court - Public Library -~~
~~To Purchase Book Cases, Tables and Chairs,~~
~~Computer Desks, and Other Expenses to~~
~~Complete Interior~~
~~Restricted Funds 150,000 -0-~~
~~005. Union County Fiscal Court - Sturgis Airport -~~
~~Dump Truck with Snow Removal Equipment~~
~~and other Equipment~~

~~Restricted Funds 84,000 -0-~~

~~006. Union County Fiscal Court - Sturgis~~

~~Amphitheater - Sound Equipment, Roof Upgrade,~~

~~and Seating Refurbishing~~

~~Restricted Funds 50,000 -0-~~

~~007. Union County Fiscal Court - Union County~~

~~Correctional Facility - Interest on Bond Payments~~

~~Restricted Funds 450,000 450,000~~

~~008. Union County Fiscal Court - Union County~~

~~YMCA - Upgrades of Heating, Air, Sidewalks,~~

~~Emergency Lighting, Restrooms and Rehabilitation~~

~~of the Interior and Exterior of the Building~~

~~Restricted Funds 75,000 -0-~~

~~009. Union County Fiscal Court - Uniontown Park~~

~~Restricted Funds 10,000 -0-~~

~~010. Union County Fiscal Court - Van for Senior Services~~

~~Restricted Funds 30,000 -0-~~

~~011. Union County Fiscal Court - Morganfield~~

~~Recreational Park - Upgrade Facilities~~

~~Restricted Funds 10,000 -0-~~

~~012. Union County Fiscal Court - Sturgis Horning~~

~~Recreational Park - Upgrade Facilities~~

~~Restricted Funds 10,000 -0-~~

~~013. Union County Fiscal Court - Volunteer Fire~~

~~and Rescue Squads - Equipment and Upgrade~~

~~Facilities - Divide Equally~~

~~Restricted Funds 200,000 -0-~~

~~014. Union County Fiscal Court - Purchase Seven Acres of Property and Develop Small Business Incubator~~

~~Restricted Funds 100,000 -0-~~

~~015. Union County Fiscal Court - Courthouse Exterior Improvements~~

~~Restricted Funds 1,500 -0-~~

~~016. Union County Fiscal Court - Moffit Lake Improvements~~

~~Restricted Funds 30,000 -0-~~

~~017. Union County Fiscal Court - James D. Veatch Museum - Upgrades and Maintenance~~

~~Restricted Funds 30,000 -0-~~

~~018. Union County Fiscal Court - Union County Economic Development Projects~~

~~Restricted Funds 970,800 970,800~~

~~**Webster County**~~

~~001. City of Dixon - First Response Truck~~

~~Restricted Funds 75,000 -0-~~

~~002. City of Dixon - Lighting for City Park Soccer Field~~

~~Restricted Funds 40,000 -0-~~

~~003. City of Providence - Debt Service to KIA - Water and Sewer Plant~~

~~Restricted Funds 250,000 -0-~~

~~004. City of Providence - Fire Station Repair~~

~~Restricted Funds 50,000 -0-~~

~~005. City of Sebree - Economic Development~~

~~Building and Repair~~		
~~Restricted Funds~~	~~200,000~~	~~-0-~~
~~006. City of Providence - Purchase Fire Truck~~		
~~Restricted Funds~~	~~-0-~~	~~200,000~~
~~007. City of Wheatcroft - City Park Improvements~~		
~~and Equipment~~		
~~Restricted Funds~~	~~-0-~~	~~25,000~~
~~008. City of Wheatcroft - Fire Department Building~~		
~~Restricted Funds~~	~~50,000~~	~~-0-~~
~~009. Webster County Fiscal Court - Blackford Bridge~~		
~~Park and Building~~		
~~Restricted Funds~~	~~50,000~~	~~-0-~~
~~010. Webster County Fiscal Court - Debt Service to~~		
~~KIA - Dixon Sewer~~		
~~Restricted Funds~~	~~250,000~~	~~250,000~~
~~011. Webster County Fiscal Court - Providence/Webster~~		
~~County Airport Board - Hanger Building and~~		
~~Repairs to Airport~~		
~~Restricted Funds~~	~~-0-~~	~~70,000~~
~~012. Webster County Industrial Development~~		
~~Authority - Revolving Loan Fund~~		
~~Restricted Funds~~	~~250,000~~	~~400,000~~
~~013. Webster County Water District - Equipment~~		
~~Restricted Funds~~	~~250,000~~	~~-0-~~
~~014. City of Clay - Renaissance Program~~		
~~Restricted Funds~~	~~75,000~~	~~-0-~~
~~015. City of Providence - Renaissance Program~~		

~~Restricted Funds 75,000 -0-~~

~~**Whitley County**~~

~~001. Whitley County Fiscal Court - Corbin Police~~

~~Department - One Police Cruiser~~

~~Restricted Funds -0- 35,000~~

~~002. Whitley County Fiscal Court - Historical~~

~~Society - Improvements~~

~~Restricted Funds 10,000 -0-~~

~~003. Whitley County Fiscal Court - Jail - Reopening~~

~~and Startup Expense~~

~~Restricted Funds 200,000 -0-~~

~~004. Whitley County Fiscal Court - Library - Books~~

~~and Technology Upgrade~~

~~Restricted Funds -0- 30,000~~

~~005. Whitley County Fiscal Court - Purchase Equipment~~

~~for Vegetation Control of Sensitive Areas~~

~~Restricted Funds -0- 10,000~~

~~006. Whitley County Fiscal Court - Senior~~

~~Citizens - Service Upgrade~~

~~Restricted Funds -0- 20,000~~

~~007. Whitley County Fiscal Court - Sheriff's Department -~~

~~Lease and Principle for Two Police Cars~~

~~Restricted Funds -0-64,000]~~ *(Veto #24)*

N. INFRASTRUCTURE FOR ECONOMIC DEVELOPMENT FUND

FOR COAL-PRODUCING COUNTIES

(1) Bond Authority: Bond Funds in the amount of $100,000,000 are authorized for projects within the Infrastructure for Economic Development Fund for Coal-

Producing Counties. The Bond Pool authorization identified in Part II, A. General Government, 2. Kentucky Infrastructure Authority, Item 004., of this Act, and the Projects list as identified in this section shall be placed under the jurisdiction of the Kentucky Infrastructure Authority (KIA). There is $9,312,000 in fiscal year 2007-2008 appropriated from the General Fund for debt service.

(2) Appropriations Not To Be Duplicated: Appropriations identified as Bond Funds in this section are representative of the amounts provided in Part II, A. General Government, 2. Kentucky Infrastructure Authority, Item 004., of this Act, and are not to be appropriated in duplication.

1. GENERAL GOVERNMENT

a. Budget Unit Kentucky Infrastructure Authority	2006-07	2007-08
Bell County		
001. Bell County Fiscal Court - Assorted Water Projects		
Bond Funds	250,000	-0-
002. Bell County Fiscal Court - Bingham Town Pump Station and Noe Town Line Rehabilitation (Sewer)		
Bond Funds	250,000	-0-
003. Bell County Fiscal Court - George Neal/Asher Sawmill Water Project		
Bond Funds	275,000	-0-
004. Bell County Fiscal Court - Steven's Branch Water Project		
Bond Funds	50,000	-0-
005. Bell County Fiscal Court - US 25 East Extension and Pump Station (Sewer)		
Bond Funds	300,000	-0-
006. Pineville Utility Commission - Rehabilitation of		

Pine Mountain Park No. 2 - Pump Station		
Bond Funds	130,000	-0-

Boyd County

001. Boyd County Fiscal Court - Various Sewer Line Extensions		
Bond Funds	400,000	-0-
002. Boyd County Sanitation District No. 2 - Various Sewer Line Extensions		
Bond Funds	150,000	-0-
003. Boyd County Sanitation District No. 4 - Various Sewer Line Extensions		
Bond Funds	150,000	-0-
004. Cannonsburg Water District - Various Water Line Extensions		
Bond Funds	150,000	-0-
005. City of Ashland - Big Sandy Water District - Water Line Extensions and Interconnect		
Bond Funds	400,000	-0-

Breathitt County

001. Breathitt County Water District - Extension on Highway 205/1812 to Wolfe County Line, Including the Vancleve Fire Department and HWY 3193 to River Bridge and Highway 15 South at Watts		
Bond Funds	1,200,000	-0-

Butler County

001. Butler County Fiscal Court - Community

Training Center		
Bond Funds	538,000	-0-
002. Butler County Fiscal Court - Dexterville Area Connections - Water Line Replacement		
Bond Funds	51,000	-0-
003. Butler County Fiscal Court - Highway 19 Water Tank		
Bond Funds	300,000	-0-
004. Butler County Fiscal Court - Logansport Fire Protection Phase 2 - Water Line Replacement		
Bond Funds	375,000	-0-
005. Butler County Fiscal Court - Roundhill/Reedyville Fire Protect - Water Line Replacement		
Bond Funds	449,000	-0-
006. Butler County Fiscal Court - Water Plant Improvements		
Bond Funds	196,000	-0-
007. Butler County Fiscal Court - Woodbury/Cool Springs Fire Protection - Water Line Replacement		
Bond Funds	129,000	-0-
008. Butler Water Plant Board - Sludge Handling		
Bond Funds	425,000	-0-
009. Butler Water Plant Board - Various Water and Sewer		
Bond Funds	1,000,000	-0-

Carter County

001. City of Grayson - Police and Fire Administration Building - Construction		
Bond Funds	500,000	-0-

002. City of Grayson - US 60 East - Damon Mayo - Sewer Extensions

Bond Funds	200,000	-0-

003. City of Olive Hill - Biggs Hill/Grayson Interconnect

Bond Funds	250,000	-0-

004. City of Olive Hill - Henderson Branch/College Hill - Sewer Extensions

Bond Funds	250,000	-0-

005. City of Olive Hill - Sewer Line Repair and Extension

Bond Funds	300,000	-0-

006. Grayson Utility Commission - Sewer Line Repair and Extension

Bond Funds	300,000	-0-

007. Grayson Utility Commission - Water Line Extensions

Bond Funds	250,000	-0-

008. Grayson Water District - Water Line Extension

Bond Funds	500,000	-0-

009. Olive Hill Water District - Water Line Extension

Bond Funds	500,000	-0-

010. Rattlesnake Ridge Water District - Phase VIII - Water Extension

Bond Funds	250,000	-0-

011. Rattlesnake Ridge Water District - Water Line Extension

Bond Funds	500,000	-0-

Christian County

001. Christian County Water District - Water Line Extensions

Bond Funds	1,200,000	-0-

Clay County

001.	City of Manchester - Amphitheater/Park/ Bridge Construction and Other Parks		
	Bond Funds	725,000	-0-
002.	Clay County Board of Education - Health Education Building		
	Bond Funds	750,000	-0-
003.	Clay County Fiscal Court - Administration Building and DAV Memorial		
	Bond Funds	400,000	-0-
004.	Clay County Fiscal Court - Ambulance/EMS Center		
	Bond Funds	250,000	-0-
005.	Clay County Fiscal Court - North Manchester Water Line Extensions		
	Bond Funds	125,000	-0-
006.	Clay County Fiscal Court - Recreation, Economic Development, Capital Construction, and Land Acquisition		
	Bond Funds	1,500,000	-0-
007.	Clay County Fiscal Court - Sewer Extension to Health Department and Resurfacing		
	Bond Funds	250,000	-0-
008.	Clay County Fiscal Court - Water Line Extension		
	Bond Funds	1,000,000	-0-
009.	Clay County Fiscal Court - Wood Creek Water District - Line Extensions		
	Bond Funds	125,000	-0-

010. Clay County Health Department Board -
Capital Construction
Bond Funds 500,000 -0-

011. Manchester Water District - Water Line Extensions
Bond Funds 250,000 -0-

012. Manchester Water District - Water Plant
Construction/Water Line Extensions
Bond Funds 1,000,000 -0-

Crittenden County

001. City of Marion - Wastewater Extension
Bond Funds 400,000 -0-

002. Crittenden/Livingston Water District - Water Project
Bond Funds 800,000 -0-

Daviess County

001. City of Whitesville - Sanitary Sewer Collection
System Rehabilitation, Including Pump Stations
Bond Funds 215,000 -0-

002. East Daviess County Water Association - Water
Distribution System Line Loops and Tie-Ins
Bond Funds 215,000 -0-

003. Owensboro Municipal Utilities - Various Small
Water Main Replacement Projects
Bond Funds 205,000 -0-

004. Regional Water Resource Agency (RWRA) -
Sewer Installation Projects - Broadacre
Subdivision and Masonville Area
Bond Funds 205,000 -0-

005. Southeast Daviess County Water District - 750,000 Gallon Water Storage Tank Replacement		
Bond Funds	205,000	-0-
006. West Daviess County Water District - 500,000 Gallon Water Storage Tank Replacement		
Bond Funds	205,000	-0-

Elliott County

001. City of Sandy Hook - Sewer District - Various Sewer Line Extensions and Improvements		
Bond Funds	250,000	-0-
002. Rattlesnake Ridge Water District - Phase VIII - Various Water Line Extensions and Improvements		
Bond Funds	400,000	-0-
003. Sandy Hook Water District - Various Water Line Extensions and Improvements		
Bond Funds	600,000	-0-

Floyd County

001. City of Wheelwright - Sewer - Equipment Upgrade and Sewer Extensions		
Bond Funds	182,000	-0-
002. City of Wheelwright - Water Extension at Golf Holler		
Bond Funds	50,000	-0-
003. Floyd County Fiscal Court - Eastern Sewer Project		
Bond Funds	350,000	-0-
004. Floyd County Fiscal Court - Pike/Floyd County Sewer Project		

Bond Funds	600,000	-0-
005. Floyd County Fiscal Court - Prestonsburg Water and Sewer - Water and Projects		
Bond Funds	200,000	-0-
006. Floyd County Fiscal Court - River Crossing for Sewage at Prater Creek		
Bond Funds	100,000	-0-

Greenup County

001. City of Flatwoods - Espy Lane - 693 Project - Upgrade Espy Lane Pump Station and Lines SX21089009		
Bond Funds	200,000	-0-
002. City of Greenup (Oldtown) - Install Approximately One Mile of New Service Along Upper Hog Branch Road off Laurel Road Near Oldtown WX21089020		
Bond Funds	40,000	-0-
003. City of Greenup - Downtown Renovations		
Bond Funds	150,000	-0-
004. City of Greenup - Wastewater Treatment Plant Backwash Line Relocation WX21089038		
Bond Funds	200,000	-0-
005. City of Raceland - SX21089030		
Bond Funds	18,000	-0-
006. City of South Shore - Repairs and Rehab of Collection System (SX21089032) and Storm Water/Sanitary Sewer		
Bond Funds	680,000	-0-

007.	City of Worthington - Edsel Avenue Storm Water Drain Bypass SX21089002		
	Bond Funds	70,000	-0-
008.	City of Wurtland - Isolation Values for Existing Water System Infrastructure WX21089023		
	Bond Funds	30,000	-0-
009.	City of Wurtland - Lloyd Sewer Project SX21089021		
	Bond Funds	470,000	-0-
010.	Greenbo State Park - Campground Construction and Improvements		
	Bond Funds	1,100,000	-0-
011.	Greenup County Board of Education - Greenup County High School Renovations		
	Bond Funds	200,000	-0-
012.	Greenup County Environmental Commission (Flatwoods, Raceland, Russell, Sanitary Districts 1 and 2) - Upgrades to Sewer Treatment Plant and Facilities SX21089006		
	Bond Funds	1,400,000	-0-
013.	Greenup County Fiscal Court - Ashland Regional Airport at Worthington - Renovation and Improvements		
	Bond Funds	250,000	-0-
014.	Russell Independent Board of Education - Russell High School Renovations		
	Bond Funds	200,000	-0-

Hancock County

001. Hancock County Fiscal Court - Bates Hollow Road Water Extension		
Bond Funds	50,000	-0-
002. Hancock County Fiscal Court - East Daviess County/Lewisport Area - Water Tower		
Bond Funds	225,000	-0-
003. Hancock County Fiscal Court - Hawesville Water and Sewer Improvements		
Bond Funds	1,000,000	-0-
004. Hancock County Fiscal Court - Hawesville Water Tank		
Bond Funds	500,000	-0-
005. Hancock County Fiscal Court - Highway 60 East Water Tower Expansion		
Bond Funds	225,000	-0-
006. Hancock County Fiscal Court - Lewisport Water and Sewer Improvements		
Bond Funds	1,000,000	-0-
007. Hancock County Fiscal Court - Smith Bridge Highway 261 Water Line Extensions		
Bond Funds	150,000	-0-
008. Hancock County Fiscal Court - Various Extensions, Pump Station, and Hydrants		
Bond Funds	295,000	-0-

Harlan County

001. Harlan County Fiscal Court - City of Harlan - Regular Upgrades

Bond Funds	300,000	-0-
002. Harlan County Fiscal Court - City of Loyall - Regular Upgrades		
Bond Funds	300,000	-0-
003. Harlan County Fiscal Court - Sewer Line to Detention Center		
Bond Funds	600,000	-0-
Henderson County		
001. City of Henderson - Improvement of Drainage and Flow of Waters in Canoe Creek in and Around City and County		
Bond Funds	1,250,000	-0-
Hopkins County		
001. City of Dawson Springs - Sewer System Project		
Bond Funds	400,000	-0-
002. City of Earlington - Water and Sewer Line - Extension Project		
Bond Funds	200,000	-0-
003. City of Hanson - Gravity Flow Sewer System Project		
Bond Funds	200,000	-0-
004. City of Nortonville, White Plains, and Mortons Gap - Sewer Treatment Project		
Bond Funds	300,000	-0-
005. City of White Plains/Mortons Gap - Interconnection and Water System - New Well and Water Plant Upgrades		
Bond Funds	120,000	-0-

006. Nebo Water District - Water Tank and Upgrade of Distribution System

Bond Funds	300,000	-0-

Jackson County

001. City of McKee - SX21109090

Bond Funds	1,000,000	-0-

002. Jackson County Fiscal Court - Grey Hawk Fire and Rescue - Capital Construction

Bond Funds	220,000	-0-

003. Jackson County Fiscal Court - Water Lines - Sand Springs

Bond Funds	36,000	-0-

004. Jackson County Water District - Indian Creek Road Water - 9.1 Mile (23 Households) and 89 North 3.8 Miles (13 Households)

Bond Funds	514,862	-0-

005. Jackson County Water District - McKee City Sewer Re-Design

Bond Funds	539,300	-0-

006. Jackson County Water District - Terrill Creek Water Lines

Bond Funds	55,910	-0-

Johnson County

001. Paintsville Utility Commission - Burnt Cabin Branch Off 1559 Water Line Extension

Bond Funds	60,000	-0-

002. Paintsville Utility Commission - Jenny's Creek

Water Line Extension		
Bond Funds	150,000	-0-
003. Paintsville Utility Commission - Little Laural		
Water Line Extension		
Bond Funds	120,000	-0-
004. Paintsville Utility Commission - Miscellaneous		
Short Line Connections		
Bond Funds	168,000	-0-
005. Paintsville Utility Commission - New Paintsville		
Water Plant		
Bond Funds	500,000	-0-
006. Paintsville Utility Commission - Pressure Tank		
Flat Gap Water Line Extension		
Bond Funds	270,000	-0-
007. Paintsville Utility Commission - Preston Ridge		
Water Line Extension		
Bond Funds	30,000	-0-
008. Paintsville Utility Commission - Rocky Knob		
Water Line Extension		
Bond Funds	42,000	-0-

Knott County

001. Knott County Fiscal Court - Jamestown Village and		
Highway 81 Water Line - WRIS Project No.		
WX21119225		
Bond Funds	1,200,000	-0-

Knox County

001. Barbourville Utility Commission - Heidrick

	Wastewater		
	Bond Funds	300,000	-0-
002.	Barbourville Utility Commission - Sewer and Water Line Extension		
	Bond Funds	200,000	-0-
003.	Barbourville Utility Commission - Wastewater Plant Upgrade		
	Bond Funds	600,000	-0-
004.	Corbin City Utility Commission - Water Line Extension for Dowis		
	Bond Funds	90,000	-0-
005.	Cumberland Valley Area Development District - K.C.E.O.C. - Capital Construction		
	Bond Funds	550,000	-0-
006.	Knox County Board of Education - Health Education Centers for Lynn Camp and Knox Central Capital Construction		
	Bond Funds	1,000,000	-0-
007.	Knox County Fiscal Court - West Knox Annex		
	Bond Funds	750,000	-0-
008.	Knox County Utility Commission - Water Line Extension for Flat Creek and Hubbs Hollow		
	Bond Funds	250,000	-0-
009.	Knox County Utility Commission - Water Line Extension for Stinking Creek, Poplar Creek, and Flat Lick		
	Bond Funds	750,000	-0-

010. Laurel District #2 - Knox County Lines

Bond Funds	225,000	-0-

011. Laurel District No. 2 - Oak Ridge Road Water Line Extension

Bond Funds	5,000	-0-

012. Knox County Fiscal Court - Wellness Center

Bond Funds	1,000,000	-0-

Laurel County

001. City of London - London City Park - Capital Construction at the College Park

Bond Funds	2,000,000	-0-

002. East Laurel Water District - Sewer Line Extension - Conley Road to Crooked Creek

Bond Funds	325,000	-0-

003. Laurel County Water District - Cross Key Subdivision - Sewer - Extensions

Bond Funds	500,000	-0-

004. Laurel County Water District - Woodscreek Water - Extensions

Bond Funds	700,000	-0-

005. Laurel Public Works - Mill Street Retention Basin

Bond Funds	425,000	-0-

006. London/Laurel Industrial Authority - Land Acquisition and Infrastructure

Bond Funds	1,250,000	-0-

007. London Utility Commission - Sublimity/ Miller Lane/Meadow Lane

Bond Funds	1,200,000	-0-
008. London Utility Commission - Sublimity Loop		
Bond Funds	800,000	-0-
009. London Water District #2 - Water Line		
Bond Funds	750,000	-0-
010. West Laurel Water District - Water Line		
Bond Funds	54,000	-0-
011. Woods Creek Water District - Extension		
Bond Funds	300,000	-0-
Lawrence County		
001. Louisa Water and Sewer Commission - Cynthia Chapel Project - Sewer Line Extensions and Improvements		
Bond Funds	500,000	-0-
002. Louisa Water and Sewer Commission - High Bottom Lift Station and Sewer Line Upgrades and Extensions		
Bond Funds	350,000	-0-
003. Rattlesnake Ridge Water District - Phase VIII - Various Water Line Extensions and Improvements		
Bond Funds	400,000	-0-
Lee County		
001. City of Beattyville - Water Treatment Plant		
Bond Funds	800,000	-0-
002. City of Beattyville - Water Treatment Plant for City of Beattyville and all of Lee County - Construction		

Bond Funds	1,200,000	-0-
003. Lee County Fiscal Court - County Garage Building		
Bond Funds	250,000	-0-
004. Lee County Fiscal Court - Happytop Recreation Center - Construction		
Bond Funds	500,000	-0-

Leslie County

001. Hyden Leslie Water District - Hell for Certain Water Line Extensions		
Bond Funds	500,000	-0-
002. Hyden Leslie Water District - Water Treatment Plant Expansion - Water Line Extensions		
Bond Funds	750,000	-0-

Letcher County

001. Letcher County Fiscal Court - Blackey Wastewater Collection System		
Bond Funds	500,000	-0-
002. Letcher County Fiscal Court - Thornton Water Line Extension		
Bond Funds	250,000	-0-
003. Letcher County Fiscal Court - Whitesburg/ Blackey Water Connector		
Bond Funds	500,000	-0-

Magoffin County

001. Magoffin County Fiscal Court - Dixie Addition of Salyersville - Replacement of Aging Water Lines		
Bond Funds	250,000	-0-

002. Magoffin County Fiscal Court - Interconnect with Paintsville Utilities - Water Security Projects		
Bond Funds	900,000	-0-
003. Magoffin County Fiscal Court - Magoffin Administration Building		
Bond Funds	600,000	-0-
004. Magoffin County Fiscal Court - Tacket Bottom - Sewer Project		
Bond Funds	200,000	-0-
005. Magoffin County Fiscal Court - Water Line Extension		
Bond Funds	425,000	-0-
Martin County		
001. Martin County Water District - Replace Old and Leaking Water Lines		
Bond Funds	780,000	-0-
002. Martin County Water District - Warfield Sewer Project		
Bond Funds	500,000	-0-
McCreary County		
001. McCreary County Fiscal Court - Marsh, Holloway to Whitley City Sewer Extension		
Bond Funds	500,000	-0-
002. McCreary County Fiscal Court - McCreary County Industrial Park - Infrastructure		
Bond Funds	615,000	-0-
003. McCreary County Fiscal Court - Multi-Purpose/ Senior Citizens Complex		

Bond Funds	600,000	-0-
004. McCreary County Fiscal Court - Raw Water Intake		
Bond Funds	275,000	-0-
005. McCreary County Water District - Water Line #1 - Transmission Main Upgrade from Stearns to the Pine Knot Area - Extensions		
Bond Funds	700,000	-0-
006. McCreary County Water District - Water Line #2 - Water Line Extensions to New Liberty Area, Garland Road, Poff Road and Creekmore/ Privett Road		
Bond Funds	500,000	-0-

McLean County

001. McLean County Fiscal Court - 138 Knkobbs (Island) - Water Extension		
Bond Funds	175,000	-0-
002. McLean County Fiscal Court - Adams School House Loop (Sacramento) - Water Extension		
Bond Funds	50,000	-0-
003. McLean County Fiscal Court - Branch School House Loop (Sacramento) - Water Extension		
Bond Funds	50,000	-0-
004. McLean County Fiscal Court - Buttonsberry (Island) - Sewer Extension		
Bond Funds	50,000	-0-
005. McLean County Fiscal Court - Fox Hollow (Island) - Water Extension		

Bond Funds	75,000	-0-
006. McLean County Fiscal Court - Interconnect KY 81 - KY 250 - Water Line Extension		
Bond Funds	200,000	-0-
007. McLean County Fiscal Court - Knuckles - Water Line Extension		
Bond Funds	30,000	-0-
008. McLean County Fiscal Court - KY 81 - Sewer Extension		
Bond Funds	40,000	-0-
009. McLean County Fiscal Court - Livermore - Sewer Line Infiltration Problems		
Bond Funds	100,000	-0-
010. McLean County Fiscal Court - Sacramento - Sewer Pump - Replacement		
Bond Funds	100,000	-0-
011. McLean County Fiscal Court - Second Street - Water Line		
Bond Funds	50,000	-0-
012. McLean County Fiscal Court - Walnut Street - Water Line		
Bond Funds	80,000	-0-
013. McLean County Fiscal Court - Water and Sewer Improvements		
Bond Funds	250,000	-0-

Menifee County

001. City of Frenchburg - Water Line Extension and

Line Improvement		
Bond Funds	820,000	-0-
002. Frenchburg Water District - Meter Replacement Project		
Bond Funds	300,000	-0-
003. Frenchburg Water District - System Improvements to Improve the ISO Rating		
Bond Funds	80,000	-0-
004. Menifee County Fiscal Court - Library Board - Parking Structure		
Bond Funds	30,000	-0-
005. Menifee County Fiscal Court - EMS Building		
Bond Funds	150,000	-0-

Morgan County

001. Morgan County Fiscal Court - Various Water Line Extensions		
Bond Funds	1,000,000	-0-
002. Morgan County Water District - Various Water and Sewer Extensions and Upgrades		
Bond Funds	200,000	-0-
003. Morgan County Water District - Water Line Extensions for Laurel Fork, River Rd., Whites Branch, Vest Br., Rt. 191 (Helechawa-Adele), Rt. 134 (Wheelrim), Rt. 7, M. Whitt Rd., Leonard Havens Rd. off 460, Hwy 3345, Dyer Br, Gevedon Br. Roads and Cabin Cr. Rd.		
Bond Funds	1,000,000	-0-

Muhlenberg County

001. Muhlenberg County Water District #1 - Water Lines - Line Replacement		
Bond Funds	1,000,000	-0-
002. Muhlenberg County Water District #1 - Water Lines - Paradise Industrial Park		
Bond Funds	250,000	-0-

Ohio County

001. Ohio County Fiscal Court - Water Project - Centertown Water Line Relocation Project		
Bond Funds	20,000	-0-
002. Ohio County Fiscal Court - Water Project - Centertown Water Project		
Bond Funds	1,080,000	-0-
003. Ohio County Fiscal Court - Water Project - Taffy Ralph Road Project		
Bond Funds	150,000	-0-

Owsley County

001. City of Booneville - Sewer and Water Line Extensions		
Bond Funds	600,000	-0-
002. Owsley County Fiscal Court - Water and Sewer Line Extensions		
Bond Funds	1,200,000	-0-
003. Owsley County Library Board - Construction		
Bond Funds	1,000,000	-0-

Perry County

001. City of Vicco - Sewer Maintenance		
Bond Funds	200,000	-0-
002. Perry County Fiscal Court - Hiner Water Line - Water Line Extension		
Bond Funds	200,000	-0-
003. Perry County Fiscal Court - Lower Lost Creek - Water Line Extension		
Bond Funds	400,000	-0-
004. Perry County Fiscal Court - South Perry County - Water Project Phase III		
Bond Funds	400,000	-0-
Pike County		
001. Mountain Water District - Various Water and Sewer Projects - Extensions and Upgrades		
Bond Funds	1,282,000	-0-
Rockcastle County		
001. Rockcastle County Fiscal Court - Lake Linville Sewer Extension		
Bond Funds	1,100,000	-0-
002. Western Rockcastle Water Association - Add Four Inch Water Line on SR 1329 for a Distance of Four Miles		
Bond Funds	120,000	-0-
Union County		
001. City of Sturgis and Morganfield - Various Water and Sewer Projects		
Bond Funds	1,250,000	-0-

Webster County

001. City of Clay - Water/Sewer Line Improvements		
Bond Funds	250,000	-0-
002. City of Dixon - Water Line Upgrades		
Bond Funds	150,000	-0-
003. City of Providence - Sewer Line Extension		
Bond Funds	250,000	-0-
004. City of Sebree - Water/Sewer Line Replacement		
Bond Funds	250,000	-0-
005. City of Slaughters - Water Line Improvements and Fire Hydrants		
Bond Funds	250,000	-0-
006. Webster County Water District - Water Line Extension		
Bond Funds	250,000	-0-

Whitley County

001. City of Williamsburg - Hal Rogers Water Park Expansion		
Bond Funds	400,000	-0-
002. Corbin Area Technology Center - Utilities Infrastructure		
Bond Funds	2,500,000	-0-
003. Corbin Utilities Company - Tattersall		
Bond Funds	700,000	-0-
004. University of the Cumberlands - Capital Construction - Pharmacy Building		
Bond Funds	10,000,000	-0-

005. Whitley County Board of Education - Oak Grove Community Center		
Bond Funds	500,000	-0-
006. Whitley County Fiscal Court - Courthouse Renovations		
Bond Funds	250,000	-0-
007. Whitley County Fiscal Court - Fire Hydrant Refill Station for Canadytown Community		
Bond Funds	40,000	-0-
008. Whitley County Fiscal Court - Rural Water Lines for unserved regions of Water Project AML, Meadow Creek/Tackett Creek Area of Whitley County		
Bond Funds	1,160,000	-0-

O. INFRASTRUCTURE FOR ECONOMIC DEVELOPMENT FUND FOR NON-COAL PRODUCING COUNTIES

(1) Bond Authority: Bond Funds in the amount of $150,000,000 are authorized for projects within the Infrastructure for Economic Development Fund for Non-Coal Producing Counties. The Bond Pool authorization identified in Part II, A. General Government, 2. Kentucky Infrastructure Authority, Item 003., of this Act, and the Projects list as identified in this section shall be placed under the jurisdiction of the Kentucky Infrastructure Authority (KIA). There is $13,968,000 in fiscal year 2007-2008 appropriated from the General Fund for debt service.

(2) Appropriations Not To Be Duplicated: Appropriations identified as Bond Funds in this section are representative of the amounts provided in Part II, A. General Government, 2. Kentucky Infrastructure Authority, Item 003., of this Act, and are not to be appropriated in duplication.

1. GENERAL GOVERNMENT

a. Budget Unit Kentucky Infrastructure Authority	2006-07	2007-08
Adair County		
001. Adair County Water District - WX21001011 - Shepherd Water Storage Tank and Transmission Line		
Bond Funds	1,000,000	-0-
002. City of Columbia - Sewer Project - SX21001010		
Bond Funds	481,000	-0-
003. Columbia Utilities Commission - SX21001008 - Columbia Lift Station Renovation		
Bond Funds	375,000	-0-
Allen County		
001. Allen County Fiscal Court - Rural Water Line Improvements and Fire Hydrants		
Bond Funds	25,000	-0-
002. City of Scottsville - Camp Courageous Water Line and Tank		
Bond Funds	300,000	-0-
003. City of Scottsville - Pump Station Improvements		
Bond Funds	90,000	-0-
004. City of Scottsville - Sewer Plant Improvements		
Bond Funds	350,000	-0-
005. City of Scottsville - SX21003003 - Old Gallatin Road Sewer System Improvements		
Bond Funds	58,000	-0-
006. City of Scottsville - SX21003004 - Sewer		

System Rehabilitation		
Bond Funds	20,000	-0-
Anderson County		
001. City of Lawrenceburg - SX21005005 - Sewer Expansion to Bluegrass Parkway		
Bond Funds	1,000,000	-0-
Ballard County		
001. City of Barlow - Sewer Project		
Bond Funds	265,000	-0-
002. City of Kevil - WX21007015 - Kevil/West McCracken Interconnect		
Bond Funds	135,000	-0-
003. City of Kevil - WX21007016 - Water Extension and Tank Painting and Repair		
Bond Funds	95,000	-0-
004. City of Wickliffe - WX21007013 - Wickliffe Industrial Park Water Upgrade		
Bond Funds	150,000	-0-
Barren County		
001. Barren County Fiscal Court - Barren County Library Improvements		
Bond Funds	1,000,000	-0-
002. Caveland Environmental Authority - SX21009020 - Reconstruction of Sewer Main from Twyman Park to Gorin Park		
Bond Funds	380,000	-0-
003. Caveland Environmental Authority -		

SX21009019 - Reconstruction of Sewer Main from Twyman Park to Water Street		
Bond Funds	300,000	-0-
004. Caveland Environmental Authority - SX21009033 - Davis Lift Station and Sewer System Improvements		
Bond Funds	300,000	-0-
005. Caveland Environmental Authority - WX21009004 - Water Transmission Line from Water Plant Expansion to City of Glasgow		
Bond Funds	320,000	-0-
006. City of Glasgow - IX21009001 - Industrial Park Infrastructure		
Bond Funds	400,000	-0-
Bath County		
001. City of Owingsville - SX21011009 - US 60 East/Wyoming Rd/A6 Development Extension Project		
Bond Funds	600,000	-0-
002. City of Sharpsburg - SX21011006 - Tater Town Line Extension Project		
Bond Funds	400,000	-0-
Boone County		
001. Boone County Water District - WX21015203 - River Road Water Line Extension		
Bond Funds	500,000	-0-
002. Boone County Water District - WX21015204 -		

North Bend Road Water System Improvements		
Bond Funds	415,000	-0-
003. Boone County Water District - WX21015251 - KY 18 and Zig Zag Road Water Line Extension		
Bond Funds	407,000	-0-
004. City of Florence - SX21015501 - Ewing Sewer System Improvements		
Bond Funds	80,000	-0-
005. City of Florence - SX21015503 - Turfway Road Sewer Rehabilitation		
Bond Funds	90,000	-0-
006. City of Florence - SX21015504 - Gun Powder Road Sewer Extension		
Bond Funds	56,000	-0-
007. City of Union - SX21015100 - Sewer System and Temporary Treatment Plant		
Bond Funds	200,000	-0-
008. City of Walton - SX21015800 - Wastewater Treatment Plant Expansion		
Bond Funds	1,000,000	-0-
Bourbon County		
001. Bourbon County Fiscal Court - Bedford Acres - Sewer and Water Extensions		
Bond Funds	500,000	-0-
002. Bourbon County Fiscal Court - Centerville Sewer Project		
Bond Funds	600,000	-0-

003. Bourbon County Fiscal Court - Fire Hydrant Project		
Bond Funds	76,500	-0-
004. Bourbon County Fiscal Court - North Middletown Water Project - Matching Funds for Federal Grant		
Bond Funds	65,000	-0-
005. Bourbon County Fiscal Court - Sewer Lines - Parkway Drive and Horseshoe Drive		
Bond Funds	350,000	-0-
006. Bourbon County Fiscal Court - Water Lines - 2 Miles Extension to Finish All of Bourbon County Water Project		
Bond Funds	80,000	-0-

Boyle County

001. Boyle County Fiscal Court - Water Improvements - Middle and Lower Salt River Road - Baugh Hollow Water Line - Rankin Road Water Line		
Bond Funds	250,000	-0-
002. City of Danville Water Utility - Stanford Road Emergency Connection		
Bond Funds	450,000	-0-
003. City of Danville Water Utility - Water Distribution Improvements		
Bond Funds	50,000	-0-
004. City of Danville Water Utility - Water Plant Upgrade		

Bond Funds	250,000	-0-

Bracken County

001. Bracken County Fiscal Court - Germantown Sewer		
Bond Funds	300,000	-0-
002. Bracken County Fiscal Court - RR 8 Water Line Extension		
Bond Funds	100,000	-0-
003. Bracken County Fiscal Court - SX21023005 - Regional Sewer System Design		
Bond Funds	100,000	-0-
004. Bracken County Fiscal Court - SX21023006 - Bracken Creek Pump Station		
Bond Funds	40,000	-0-
005. Bracken County Fiscal Court - SX21161001 - Germantown Sewer Improvements		
Bond Funds	75,000	-0-
006. Bracken County Water District - WX21023011 - Highway 435 Water Line Extension		
Bond Funds	1,000,000	-0-
007. Bracken County Water District - WX21023018 - Tuckers Trailer Park Water Line Extension		
Bond Funds	108,000	-0-
008. City of Augusta - WX21023023 - Route 8 Water Line Extension		
Bond Funds	120,000	-0-

Breckinridge County

001. Breckinridge County Fiscal Court - Ohio County Water System Line Extensions		
Bond Funds	221,250	-0-
002. City of Cloverport - Water Tank Replacement		
Bond Funds	221,250	-0-
003. City of Hardinsburg - Various Water Projects		
Bond Funds	221,250	-0-
004. City of Hardinsburg - WX21027005 - Water Storage Tank Rehabilitation		
Bond Funds	1,000,000	-0-
005. City of Irvington - Various Water and Sewer Projects		
Bond Funds	221,250	-0-

Bullitt County

001. Bullitt County Fiscal Court - Ridge Road Line Extensions		
Bond Funds	15,000	-0-
002. City of Lebanon Junction - Water and Sewer Improvements		
Bond Funds	100,000	-0-
003. City of Mount Washington - WX21029224 - East Sanders and Cabin Lane Water Extension		
Bond Funds	832,000	-0-
004. City of Mount Washington - WX21029224 - East Sanders, Hoagland Hill, and Cabin Lane Water Line Extension		
Bond Funds	850,000	-0-

005. Louisville Water Company - WX21029015 - Water Line Extension Bob-O-Link Road		
Bond Funds	198,000	-0-
006. Louisville Water Company - WX21029194 - Walls Hollow Road from Raymond Road to End		
Bond Funds	168,000	-0-
007. Louisville Water Company - WX21029196 - Water Storage Tank		
Bond Funds	550,000	-0-

Caldwell County

001. Caldwell County Water District - WX2103307 - Equipment Purchase and Storage Building		
Bond Funds	265,000	-0-
002. Princeton Water District - WX2103306 - Improvements		
Bond Funds	400,000	-0-

Calloway County

001. Calloway County Fiscal Court - Railroad Spur		
Bond Funds	250,000	-0-
002. City of Murray - Sherwood Forrest Extension - WX21035018		
Bond Funds	84,000	-0-
003. City of Murray - SX21035012 - Phase II Sewer Rehab.		
Bond Funds	363,750	-0-
004. City of Murray - SX21035014 - Southwest Sewer Interceptor Phase II		

Bond Funds	375,788	-0-
005. City of Murray - WX21035019 - Water Treatment Plant Improvements		
Bond Funds	250,000	-0-
006. Dexter - Almo Heights Water District - Coles Campground Extension - WX21035012		
Bond Funds	41,462	-0-
007. Murray Water District #2 - WX21035004 - Water Line Extension		
Bond Funds	135,000	-0-
008. Murray Water District #3 - WX21035023 - Water Consolidation Improvement Study		
Bond Funds	50,000	-0-
009. South 641 Water District - SX21035008 - Wastewater System Improvements		
Bond Funds	200,000	-0-
Campbell County		
001. City of Alexandria Sewer Project - Alexandria/Viewpoint		
Bond Funds	315,000	-0-
002. City of Newport - Various Water Projects Including Water Line Replacement to the Waterworks Road Bridge and Newport Pavilion Project Area Waterline/Storm Water Upgrades		
Bond Funds	600,000	-0-
003. City of Wilder - Three Mile Road/Gibson Lane from I-275 to Licking Pike Water Project		

Bond Funds	200,000	-0-

Carlisle County

001. City of Bardwell - SX21039005 - Sewer System Rehabilitation		
Bond Funds	500,000	-0-
002. Cunningham Water District - WX21039014 - Water Tower Repair		
Bond Funds	45,000	-0-

Carroll County

001. Carrollton Utilities - SX21041300 - Happy Hollow/ Regional Sewer System Improvements		
Bond Funds	800,000	-0-

Casey County

001. City of Liberty - WX21045004 - Water Treatment Plant and System Improvements		
Bond Funds	2,200,000	-0-

Clark County

001. Clark County Fiscal Court - Colby Hills Sanitary Sewer Improvements		
Bond Funds	500,000	-0-
002. Clark County Fiscal Court - Forest Park Sanitary Sewer Improvements		
Bond Funds	750,000	-0-
003. Clark County Fiscal Court - Lynnway Drive/ Stoneybrook Sanitary Sewer Improvements		
Bond Funds	350,000	-0-
004. Clark County Fiscal Court - Various Water		

and Sewer Projects		
Bond Funds	1,000,000	-0-
005. East Clark County Water District - Cole Road Tank and Pump and Various Water Projects		
Bond Funds	300,000	-0-
006. Winchester Municipal Utilities - Clark County Public Schools Soccer Complex - Water and Sewer Project		
Bond Funds	100,000	-0-
Clinton County		
001. City of Albany - Wastewater Treatment Plant		
Bond Funds	750,000	-0-
002. Clinton County Fiscal Court - Water Line Improvements		
Bond Funds	200,000	-0-
Cumberland County		
001. City of Burkesville - Water Treatment Plant Improvements		
Bond Funds	190,000	-0-
002. Cumberland County Water District - Interconnect and Various Water Line Extensions		
Bond Funds	600,000	-0-
Edmonson County		
001. Caveland Environmental Authority - SX21061005 - Phase II Sewer System Improvements		
Bond Funds	1,300,000	-0-
002. City of Brownsville - WX21061018 - Water		

System Improvements		
Bond Funds	100,000	-0-
003. Edmonson County Water District - WX21061023 - Improvements and Connection to Hart County		
Bond Funds	667,535	-0-
Estill County		
001. City of Irvine - SX21065005 - Regional Wastewater System Improvements		
Bond Funds	900,000	-0-
002. Estill County Fiscal Court - Various Water and Sewer Projects		
Bond Funds	500,000	-0-
Fayette County		
001. Lexington-Fayette Urban County Government - Comprehensive Sanitary Sewer Project - Remaining Areas - Phase II		
Bond Funds	1,400,000	-0-
002. Lexington-Fayette Urban County Government - Gainesway Park Development		
Bond Funds	750,000	-0-
003. Lexington-Fayette Urban County Government - Various Water Sewer and Storm Sewer Improvements Including Green Acres Subdivision		
Bond Funds	2,600,000	-0-
Fleming County		
001. City of Flemingsburg - Cherry Grove Road Sewer Project		

Bond Funds	100,000	-0-
002. City of Flemingsburg - Industrial Park #2 Sewer Project		
Bond Funds	100,000	-0-
003. City of Flemingsburg - Water Upgrade		
Bond Funds	50,000	-0-
004. Fleming County Water Association - Parkersburg Tank		
Bond Funds	100,000	-0-
005. Western Fleming Water District - Pump Station		
Bond Funds	50,000	-0-

Franklin County

001. City of Frankfort - SX21073002 - Holmes Street Sewer Project		
Bond Funds	1,630,000	-0-
002. City of Frankfort - SX21073004 - Shelby Street Sewers		
Bond Funds	230,000	-0-
003. City of Frankfort - SX21073005 - Allnut Drive Sewer Replacement		
Bond Funds	180,000	-0-
004. City of Frankfort - SX21073007 - Cardinal Hills Pump Station and Force Main Replacement		
Bond Funds	260,000	-0-
005. City of Frankfort - SX21073012 - Two Creeks #2 Pump Station and Force Main Replacement		
Bond Funds	200,000	-0-

006. Farmdale Water District - WX21073005 -
Water Line Upgrade Project
Bond Funds 700,000 -0-

Fulton County

001. City of Fulton - WX21975007 - Water System
Rehabilitation
Bond Funds 150,000 -0-

002. City of Fulton - WX21975012 - Industrial Park
Water System Improvements
Bond Funds 350,000 -0-

003. City of Hickman - SX21075007 - Hickman
Infiltration and Inflow Reduction/Sewer Rehab.
Bond Funds 300,000 -0-

004. Fulton County Fiscal Court - Industrial Park
Utilities and Spec. Building
Bond Funds 360,000 -0-

Gallatin County

001. Carrollton Utilities - SX21077101 - I-71
Interchange Sewer System Improvements
Bond Funds 1,250,000 -0-

002. City of Warsaw - Water and Wastewater Project
Bond Funds 300,000 -0-

003. City of Warsaw - WX21077220 - Water System
Improvements
Bond Funds 500,000 -0-

Garrard County

001. City of Lancaster - SX21079001 - Wastewater

Treatment Plant Improvements		
Bond Funds	200,000	-0-
002. City of Lancaster - SX21079004 - Sewer System Rehabilitation		
Bond Funds	100,000	-0-
003. City of Lancaster - SX21079007 - Buckeye Street Sewer System Improvements		
Bond Funds	90,705	-0-
004. City of Lancaster - Water and Sewer Improvements		
Bond Funds	100,000	-0-
005. City of Lancaster - WX21079012 - Water System Improvements		
Bond Funds	71,500	-0-
Grant County		
001. City of Williamstown - SX21081304 - Wastewater Treatment Plant		
Bond Funds	900,000	-0-
002. Grant County Fiscal Court - Dry Ridge Lagoon Repair		
Bond Funds	250,000	-0-
Graves County		
001. City of Wingo - Relocate Water Treatment Building and Clear Well		
Bond Funds	375,000	-0-
002. Graves County Fiscal Court - SX21083017 - Mayfield Electric & Water Systems		

	Composting Project Phase I		
	Bond Funds	500,000	-0-
003.	Graves County Fiscal Court - WX21083023 - Cuba Loop from School to 339-303 Including Cuba Community Phase IIA		
	Bond Funds	870,674	-0-
004.	Graves County Fiscal Court - WX21083034 - Hickory Interconnect Including Automated Valves and Scada to Mayfield Water System		
	Bond Funds	95,000	-0-
005.	Mayfield Electric and Water System - SX21083021 - Bel-Aire CIPP		
	Bond Funds	260,000	-0-
006.	Mayfield Electric and Water System - SX21083022 - 9th and Gardner		
	Bond Funds	212,000	-0-
007.	Mayfield Electric and Water System - SX21083023 - Washington St. Subbasin Rehab.		
	Bond Funds	150,000	-0-
008.	Mayfield Electric and Water - SX21083018 - Wastewater Treatment Plant Improvements		
	Bond Funds	200,000	-0-
009.	Sedalia Water District - WX21083039 - Elevated Storage Tank Repairs		
	Bond Funds	125,000	-0-
010.	Symsonia Water District - SX21083010 - Sewer System Improvements		

Bond Funds	75,000	-0-
011. Symsonia Water District - WX21083008 - Benton Interconnect and Water System Improvements		
Bond Funds	70,000	-0-
012. Wingo Water System - WX21083001 - Interconnect with South Graves		
Bond Funds	91,780	-0-

Grayson County

001. City of Caneyville - SX21085001 - Wastewater Plant Upgrade System Improvements and Line Extensions		
Bond Funds	650,000	-0-
002. City of Clarkson - SX21085004 - Wastewater Project		
Bond Funds	94,200	-0-
003. City of Leitchfield - SX21085002 - Wastewater System Improvements		
Bond Funds	750,000	-0-
004. City of Leitchfield - WX21085004 - Bypass Water Transmission Loop		
Bond Funds	200,000	-0-
005. Edmonson County Water District - WX21061021 - Water Storage Tank and System Improvements		
Bond Funds	543,000	-0-
006. Edmonson County Water District - WX21061022 - Water Line Extension		
Bond Funds	268,500	-0-
007. Grayson County Water District - WX21085016 -		

Water Project		
Bond Funds	137,300	-0-
Green County		
001. City of Greensburg - WX21087012 - Water System Improvements		
Bond Funds	250,000	-0-
002. Green County Fiscal Court - Green-Taylor Water District - WX21087009 - Water Treatment Plant and Water Main Upgrades		
Bond Funds	350,000	-0-
003. Green County Fiscal Court - SX21087002 - Summersville Wastewater System Improvements		
Bond Funds	300,000	-0-
Hardin County		
001. City of Vine Grove - SX21093002 - Sewer System Improvements - Highway 313 Area		
Bond Funds	500,000	-0-
002. City of West Point - SX21093001 - Sewer System Improvements		
Bond Funds	200,000	-0-
003. City of West Point - WX21093016 - Water System Improvements		
Bond Funds	125,000	-0-
004. Hardin County Fiscal Court - Project Phase IV - 60 Miles of Water Mains through Unserved Areas of Hardin County		
Bond Funds	250,000	-0-

005. Hardin County Water District #1 - WX21093020 - Constantine Road Water System Improvements		
Bond Funds	1,000,000	-0-
006. Hardin County Water District #1 - WX21093024 - Pirtle Spring Water Treatment Plant Reconstruction Project		
Bond Funds	2,000,000	-0-
007. Hardin County Water District #2 - Elizabethtown Loop Project		
Bond Funds	750,000	-0-
008. Hardin County Water District #2 - SX21093004 - Wastewater Collection System Expansion		
Bond Funds	600,000	-0-
009. Hardin County Water District #2 - WX21093009 - Cecilia Water Storage Tank		
Bond Funds	500,000	-0-
010. Hardin County Water District #2 - WX21093015 - Phase IV Water System Improvements		
Bond Funds	500,000	-0-
011. Hardin County Water District #2 - WX21093017 - Phase V Water System Improvements		
Bond Funds	500,000	-0-
012. Hardin County Water District #2 - WX21093021 - Glendale Area Water System Improvements		
Bond Funds	1,000,000	-0-

Harrison County

001. City of Berry - Wastewater Project Profile - Engineering Study

Bond Funds	10,000	-0-

002. City of Cynthiana - Wastewater Treatment Plant - Cost Overrun on New Plant

Bond Funds	250,000	-0-

003. Harrison County Water Association - Eleven Homes and Large Farm Water Improvements

Bond Funds	250,000	-0-

004. Harrison County Water Association - Davis Road - 0.6 miles

Bond Funds	35,000	-0-

005. Harrison County Water Association - WX21097005 - Friendship and Coppage Pike

Bond Funds	120,000	-0-

Hart County

001. Caveland Environmental Authority - Wastewater System Improvements

Bond Funds	200,000	-0-

002. City of Munfordville - WX21099018 - Old Turnpike to Union Street Water System Improvements

Bond Funds	220,000	-0-

003. Green River Valley Water District - WX21099017 - Frenchman Knob Road Water System Improvements

Bond Funds	500,000	-0-

Henry County

001. City of Campbellsburg - SX21103002 -

Campbellsburg to Carrollton Force Main		
Bond Funds	1,000,000	-0-
002. Henry County Water District #1 - WX21103029 - Cemetery Hill Road Extension		
Bond Funds	100,000	-0-
003. Henry County Water District #2 - WX21103042 - Water System Improvements		
Bond Funds	300,000	-0-
Hickman County		
001. City of Clinton - SX21105004 - Sewer System Rehabilitation		
Bond Funds	300,000	-0-
002. Water Service Corp. of KY - WX21105004 - Clinton Water System Improvements		
Bond Funds	70,000	-0-
Jessamine County		
001. City of Nicholasville - Bethany Road Extension		
Bond Funds	220,000	-0-
002. City of Nicholasville - Old Railroad Road - Union Mill Road to Loganna Road		
Bond Funds	500,000	-0-
003. City of Nicholasville - Union Mill Road Extension to the Jessamine County Fire District Building		
Bond Funds	330,000	-0-
004. City of Wilmore - Sewer System Service to Ichthus Area		

Bond Funds	150,000	-0-
005. City of Wilmore - SX21113008 - Sewer Collection System Rehab.		
Bond Funds	200,000	-0-
006. City of Wilmore Automated Water Meter Reading		
Bond Funds	200,000	-0-
007. Jessamine County Fiscal Court - Sewer Project		
Bond Funds	110,000	-0-
008. Jessamine County Fiscal Court - Sewer Service to Centennial Park		
Bond Funds	180,000	-0-
009. Jessamine County Water District #1 - WX21113012 - Water Storage Tank		
Bond Funds	1,900,000	-0-
010. Jessamine County Water District #1 - WX21113015 - Groggins Ferry Road Water Line Upgrade		
Bond Funds	750,000	-0-

Kenton County

001. Kenton County Water District - Main Replacement in City of Covington		
Bond Funds	1,000,000	-0-
002. Northern Kentucky Water District - WX21117203 - Subdistrict I Water System Improvements		
Bond Funds	2,000,000	-0-
003. Northern Kentucky Water District -		

WX21177204 - Covington Water System Improvements		
Bond Funds	2,500,000	-0-
004. Sanitation District #1 Of NKY - SX21117201 - Ft. Wright Ridgewood Drive Wastewater Improvements		
Bond Funds	140,000	-0-

Knox County

001. Knox County Fiscal Court - Infrastructure for Wellness Center		
Bond Funds	1,000,000	-0-

Larue County

001. City of Hodgenville - WX21123010 - Water Storage Tank		
Bond Funds	100,000	-0-
002. Larue County Fiscal Court - Upgrade, Maintain, Repair, Construct, Replace, Extend Water and Sewer Including Fire Hydrants and Industrial Parks		
Bond Funds	82,465	-0-
003. Larue County Water District #1 - WX21123012 - Buffalo Water Storage Tank		
Bond Funds	230,000	-0-

Lewis County

001. Garrison Quincy Water District - WX21135009 - Garrison Area Water System Improvements		
Bond Funds	783,000	-0-
002. Lewis County Fiscal Court - SX21135001 -		

Phase I Wastewater System Improvements		
Bond Funds	700,000	-0-
003. Lewis County Sanitation District #1 - SX21135008 - KY 57 Area Wastewater System Improvements		
Bond Funds	304,000	-0-
004. Vanceburg Electric Plant Board - SX21135009 - Wastewater Treatment Plant Improvements		
Bond Funds	500,000	-0-
005. Western Lewis Rectorville Water District - WX21161001 - Phase IV - Ridge Project		
Bond Funds	250,000	-0-

Lincoln County

001. City of Crab Orchard - Various Water and Sewer Projects		
Bond Funds	250,000	-0-
002. City of Hustonville - Various Water and Sewer Projects		
Bond Funds	150,000	-0-
003. City of Moreland - Various Water and Sewer Projects		
Bond Funds	150,000	-0-
004. City of Stanford - Various Water and Sewer Projects		
Bond Funds	300,000	-0-
005. City of Waynesburg - Various Water and Sewer Projects		

Bond Funds	150,000	-0-

Livingston County

001. City of Salem - SX21139006 - Lift Station Upgrade		
Bond Funds	50,000	-0-
002. City of Smithland - SX21139003 - Wastewater Treatment Plant Improvements		
Bond Funds	50,000	-0-
003. Crittenden/Livingston Water District - WX21139007 - Raw Water Intake		
Bond Funds	100,000	-0-
004. Grand Rivers Sewer System - SX21139001 - Improvements		
Bond Funds	300,000	-0-
005. Livingston County Fiscal Court - SX21139004 - Ledbetter Sewer Improvement		
Bond Funds	35,000	-0-

Logan County

001. East Logan Water District - Expansion		
Bond Funds	200,000	-0-
002. Logan County Fiscal Court - Lewisburg Pump Station		
Bond Funds	20,000	-0-
003. Logan County Fiscal Court - Mud River Water Shed Dam Repair		
Bond Funds	73,000	-0-
004. Logan County Fiscal Court - Water Treatment		

Plant Debt Retirement		
Bond Funds	307,000	-0-
005. North Logan Water District - Expansion		
Bond Funds	200,000	-0-
006. South Logan Water District - Expansion		
Bond Funds	200,000	-0-
Lyon County		
001. Lyon County Fiscal Court - SX21143002 - Wastewater System Improvements		
Bond Funds	1,175,000	-0-
002. Lyon County Fiscal Court - Various Water and Sewer Projects		
Bond Funds	250,000	-0-
003. Lyon County Fiscal Court - Various Water and Sewer Projects for Eddyville		
Bond Funds	250,000	-0-
004. Lyon County Water District - SX21143003 - West Lyon County Wastewater System Improvements		
Bond Funds	200,000	-0-
Madison County		
001. City of Berea Utilities - Raw Water Intake		
Bond Funds	500,000	-0-
002. City of Richmond Utilities - Raw Water Intake		
Bond Funds	1,150,000	-0-
003. Madison County Fiscal Court - Executive Park Sanitary Sewer District 2		
Bond Funds	150,000	-0-

004. Madison County Fiscal Court - Kirksville Water Association - Water Line Replacements and Extensions - Hwy 1295, Barnes Mill Estates, Taylor Fork, and Various Other Projects		
Bond Funds	400,000	-0-
005. Madison County Fiscal Court - North Madison County Sewer Project		
Bond Funds	1,050,000	-0-
006. Madison County Utility District - Water System Improvements Phase II		
Bond Funds	500,000	-0-
007. Southern Madison Water District - Water Project		
Bond Funds	400,000	-0-

Marion County

001. City of Lebanon - WX21155018 - Water Storage Tank		
Bond Funds	250,000	-0-
002. Marion County Water District - WX21155016 - Dry Fork Road, Hwy 49 North Livers Lane, Settles Road, Ferman Road, Farris Road Water System Improvements		
Bond Funds	210,000	-0-
003. Marion County Water District - WX21155019 - Hwy 527 Water System Improvements		
Bond Funds	200,000	-0-
004. Marion County Water District - WX21155020 - Water Storage Tank		

Bond Funds	410,000	-0-

Marshall County

001. City of Calvert City - SX21157024 - Phase II Sewer System Rehabilitation		
Bond Funds	250,000	-0-
002. City of Calvert City - WX21157033 - Shar-Cal Road Water System Improvements		
Bond Funds	125,000	-0-
003. Marshall County Fiscal Court - Benton Water and Sewer Projects		
Bond Funds	750,000	-0-
004. Marshall County Fiscal Court - Jonathan Creek Water and Sewer Projects		
Bond Funds	625,000	-0-
005. Marshall County Fiscal Court - North Marshall Water and Sewer Projects		
Bond Funds	575,000	-0-
006. North Marshall Water District - WX21157026 - Sharpe Area Water System Improvements		
Bond Funds	200,000	-0-
007. North Marshall Water District - WX21157027 - US 68/Briensburg Water System Improvements		
Bond Funds	100,000	-0-

Mason County

001. Mason County Fiscal Court - Germantown Sewer		
Bond Funds	300,000	-0-
002. Mason County Fiscal Court - Maysville Utility		

Well - Plugtown		
Bond Funds	50,000	-0-
003. Mason County Fiscal Court - SX21161001 - Germantown Sewer Improvements		
Bond Funds	75,000	-0-
004. Mason County Fiscal Court - WX21161019 - KY 1449 Water System Improvements		
Bond Funds	360,000	-0-
005. Western Mason Water District - Well Project		
Bond Funds	50,000	-0-
McCracken County		
001. City of Paducah - WX21145022 - Water Line to Airport Along Shemwell Lane		
Bond Funds	140,000	-0-
002. City of Paducah - WX21145029 - Lone Oak Water System Improvements		
Bond Funds	900,000	-0-
003. Hendron Water District - WX21145035 - Hendron Paducah Interconnect		
Bond Funds	175,000	-0-
004. Paducah McCracken Joint Sewer Agency - SX21145004 - Cook Street Pump Station Replacement Project		
Bond Funds	725,000	-0-
005. Paducah McCracken Joint Sewer Agency - SX21145028 - Paducah Wastewater Treatment Plant Grit Removal and Headwork Improvements		

Phase II		
Bond Funds	800,000	-0-
006. Paducah McCracken Joint Sewer Authority - SX21145079 - Wastewater Treatment Plant Expansion		
Bond Funds	1,433,000	-0-
007. West McCracken Water District - WX21145004 - West McCracken USEC Extension		
Bond Funds	35,000	-0-
008. West McCracken Water District - WX21145005 - West McCracken Southwest McCracken Extension		
Bond Funds	1,042,000	-0-

Meade County

001. City of Brandenburg - WX21163010 - Water Storage Tank		
Bond Funds	250,000	-0-
002. Meade County Fiscal Court - Various Water and Sewer Projects		
Bond Funds	1,000,000	-0-
003. Meade County Water District - WX21163013 - Phase VI Water System Improvements		
Bond Funds	500,000	-0-
004. Meade County Water District - WX21163014 - Phase VII Water System Improvements		
Bond Funds	500,000	-0-

Mercer County

001. City of Harrodsburg - SX21167010 - College Street Wastewater System Improvements		
Bond Funds	122,200	-0-
002. Mercer County Sanitation District - SX21167009 - Brightleaf Wastewater System Improvements		
Bond Funds	1,000,000	-0-

Metcalfe County

001. City of Edmonton - Edmonton Industrial Authority - EX21169001 - Electrical Transmission Line		
Bond Funds	200,000	-0-
002. City of Edmonton - Water Project		
Bond Funds	150,000	-0-
003. City of Edmonton - WX21169010 - Habison Road Water System Improvements		
Bond Funds	60,000	-0-
004. City of Edmonton - WX21169012 - Wisdom and Hwy 640 Water System Improvements		
Bond Funds	75,000	-0-

Monroe County

001. City of Fountain Run - Community Building		
Bond Funds	100,000	-0-
002. City of Fountain Run - Various Water and Sewer Projects		
Bond Funds	25,000	-0-
003. City of Gamaliel - Sewer System - Sewer Modification		

Bond Funds	75,000	-0-
004. Monroe County Water District - Monroe County Water Treatment Plant		
Bond Funds	150,000	-0-
005. Tompkinsville and Monroe County Water Districts - Joint Water Treatment Plant		
Bond Funds	1,200,000	-0-

Montgomery County

001. Judy Water Association - WX21173038 - Water Tank		
Bond Funds	400,000	-0-
002. Levee Road Water Association - WX21173081 - Radio Read Meter Replacement Project		
Bond Funds	100,000	-0-
003. Montgomery County Fiscal Court - Various Water and Sewer Projects		
Bond Funds	200,000	-0-
004. Montgomery County Fiscal Court - WX21173075 - Science Ridge to 599 Tank Waterline Project		
Bond Funds	190,000	-0-
005. Montgomery County Sewer District #2 - SX21173011 - Sludge Press		
Bond Funds	350,000	-0-
006. Montgomery County Water District #1 - WX21173062 - Water Lines		

Bond Funds	500,000	-0-
007. Mount Sterling Water District - WX21173071 - Storage Building		
Bond Funds	150,000	-0-
008. Mt. Sterling Water and Sewer - SX21173013 - Belt Filter Press		
Bond Funds	200,000	-0-

Multi County

001. Kentucky River Authority - Bluegrass Water Supply Commission - Water Project Engineering		
Bond Funds	900,000	-0-

Nelson County

001. City of Bardstown - WX21179017 - Water Storage Tank		
Bond Funds	550,000	-0-
002. City of Bloomfield - SX21179008 - Pump Station and Force Main to Bardstown		
Bond Funds	2,300,000	-0-
003. City of New Haven - SX21179009 - Pump Station and Force Main to Bardstown		
Bond Funds	600,000	-0-
004. City of New Haven - SX21179015 - Sewer System Infiltration and Inflow Rehabilitation Project		
Bond Funds	300,000	-0-
005. Nelson County Fiscal Court - Industrial Park Water Infrastructure		
Bond Funds	350,000	-0-

006. Nelson County Fiscal Court - Nelson County Industrial Park Water Infrastructure

Bond Funds	200,000	-0-

Nicholas County

001. Nicholas County Sewer District #2 - Lake Carnico and North Central 4-H Camp Sewer Project

Bond Funds	400,000	-0-

002. Nicholas County Water District - WX1181003 - Phase IX Water Project

Bond Funds	428,500	-0-

Oldham County

001. LaGrange Utilities Commission - SX21185004 - North Pump Station

Bond Funds	300,000	-0-

002. LaGrange Utilities Commission - SX21185006 - Wastewater Treatment Plant and Pump Station Improvements

Bond Funds	1,000,000	-0-

003. LaGrange Utilities Commission - WX21185042 - Water Tank and Booster Pump Station

Bond Funds	500,000	-0-

004. Oldham County Fiscal Court - SX21185019 - Ohio River Wastewater Treatment Facility

Bond Funds	750,000	-0-

005. Oldham County Water District - WX21185044 - Water System Improvements

Bond Funds	2,000,000	-0-

Owen County

001. Owenton Water Works - WX21187207 - Water Intake

Bond Funds	1,000,000	-0-

Pendleton County

001. Pendleton County Fiscal Court - WX21191503 - Supply Wells

Bond Funds	150,000	-0-

002. City of Butler - SX21191320 - Phase II Sewer System Improvements

Bond Funds	450,000	-0-

003. Pendleton County Fiscal Court - SX21191310 - Additional Funding to Complete

Bond Funds	210,000	-0-

004. Pendleton County Fiscal Court - WX21191556 - Harrison County - Pendleton - 10 Homes in Harrison County - 3 Homes in Pendleton County

Bond Funds	75,000	-0-

Powell County

001. City of Clay City - Various Water and Sewer Projects

Bond Funds	225,000	-0-

002. City of Stanton - Various Water and Sewer Projects

Bond Funds	325,000	-0-

003. City of Stanton - WX21197002 - Water Storage Tank and System Improvements

Bond Funds	350,000	-0-
004. Powell County Water District - WX21197001 - Water System Improvements		
Bond Funds	250,000	-0-

Pulaski County

001. City of Burnside - Burnside Municipal Water Works - Water Line Extension		
Bond Funds	250,000	-0-
002. City of Burnside - WX21199046 - Phase II Water System Improvements		
Bond Funds	202,000	-0-
003. City of Burnside - WX21199047 - Phase III Water System Improvements		
Bond Funds	328,000	-0-
004. City of Eubank - WX21137024 - Water System Study		
Bond Funds	50,000	-0-
005. City of Somerset - WX21199030 - Water Storage and Water System Improvements		
Bond Funds	850,000	-0-
006. Pulaski County Fiscal Court - Science Hill Water and Sewer Projects		
Bond Funds	250,000	-0-
007. Southeast Water Association - Water Line Extension		
Bond Funds	1,500,000	-0-

Robertson County

001. Buffalo Trail Water Association - WX21201008 - US 62 to Kentown Water System Improvements

Bond Funds	350,000	-0-

002. City of Mount Olivet - SX21201002 - Sewer System Expansion

Bond Funds	400,000	-0-

003. City of Mount Olivet - WX21201001 - US 62 Water System Improvements

Bond Funds	100,000	-0-

Rowan County

001. Morehead Utility Plant Board - Meter Replacement Project

Bond Funds	103,200	-0-

002. Morehead Utility Plant Board - Standby Power Generator Project

Bond Funds	500,000	-0-

003. Rowan Water, Inc. - Tank and Pump Station Project

Bond Funds	396,800	-0-

Russell County

001. Russell Springs Sewer and Water Works - SX21207006 - Russell Springs/Alligator Area Sewer Extensions

Bond Funds	2,250,000	-0-

Scott County

001. City of Sadieville - SX21209001, SX21209004, SX21209005 - Waste Systems Improvements Project

Bond Funds	2,500,000	-0-

002. Scott County Fiscal Court - WX21209003 - Scott County Reservoir

Bond Funds	500,000	-0-

Shelby County

001. City of Shelbyville - SX21211004 - Springvalley Pump Station

Bond Funds	300,000	-0-

002. City of Shelbyville - SX21211007 - Arlington/ Ardmore/Midland Sewer System Improvements

Bond Funds	350,000	-0-

003. City of Shelbyville - WX21211043 - Transmission Line to Louisville

Bond Funds	1,500,000	-0-

004. Shelby County Fiscal Court - WX21211039 - Bob Rogers Spur

Bond Funds	50,000	-0-

Simpson County

001. City of Franklin - Sewer Rehab. Projects

Bond Funds	686,412	-0-

002. Simpson County Water District - Carter Road to State Line

Bond Funds	198,000	-0-

003. Simpson County Water District - East Industrial Park Pump Station

Bond Funds	45,000	-0-

Spencer County

001. City of Taylorsville - SX21215001 -

Taylorsville Sewer System Expansion		
Bond Funds	705,000	-0-
002. City of Taylorsville - WX21215088 - Phase III Water System Improvements		
Bond Funds	500,000	-0-
003. Spencer County Fiscal Court - SX21215003 - Spencer County Wastewater Treatment Facilities Plan		
Bond Funds	45,000	-0-
Taylor County		
001. City of Campbellsville - Elkhorn Transmission Main		
Bond Funds	375,000	-0-
002. City of Campbellsville - WX21217012 - Replacement of Existing Raw Water Intake and New Pumps		
Bond Funds	1,000,000	-0-
003. Taylor County Fiscal Court - Industrial Park Expansion		
Bond Funds	358,595	-0-
Todd County		
001. Todd County Fiscal Court - Sewer Line Extension Project		
Bond Funds	180,000	-0-
002. Todd County Fiscal Court - Water Treatment Plant Debt Retirement		
Bond Funds	420,000	-0-

003. Todd County Water District - Expansion
Service South of Trenton
Bond Funds 400,000 -0-

Trigg County

001. Barkley Lake Water District - WX21221003 -
Water Treatment Plant and System Improvements
Bond Funds 300,000 -0-

002. City of Cadiz - SX21221001 - Wastewater
Treatment Plant Improvements
Bond Funds 200,000 -0-

003. City of Cadiz - SX21221003 - Industrial Park
Sewer System Improvements
Bond Funds 100,000 -0-

004. City of Cadiz - WX21221006 - Cadiz Industrial
Park Water Improvements
Bond Funds 110,000 -0-

Trimble County

001. City of Bedford Sewer Department -
SX21223006 - Bedford Wastewater Expansion
Bond Funds 200,000 -0-

002. City of Milton Water and Sewer Department -
SX21223003 - Wastewater Treatment
Plant Improvements
Bond Funds 30,000 -0-

003. City of Milton Water and Sewer Department -
SX21223004 - Riverdale Force Main
Bond Funds 9,000 -0-

004. City of Milton Water and Sewer Department - SX21223005 - Wastewater Treatment Plant Improvements		
Bond Funds	75,000	-0-
005. City of Milton Water and Sewer Department - WX21223019 - Downtown Water System Improvements		
Bond Funds	200,000	-0-
006. Trimble County Water District #1 - WX21223020 - Water System Improvements		
Bond Funds	300,000	-0-

Warren County

001. Bowling Green Municipal Utilities - WX21227046 - Water Treatment Plant Improvement/Emergency Power		
Bond Funds	1,600,000	-0-
002. Warren County Water District - SX21227013 - Sewer Interceptor		
Bond Funds	500,000	-0-
003. Warren County Water District - SX21227020 - Lovers Lane Sewer Extension		
Bond Funds	626,000	-0-
004. Warren County Water District - Water and Sewer Projects		
Bond Funds	530,134	-0-
005. Warren County Water District - WX21227038 - Cooper Dearing / Mt. Lebanon Fire Protection		
Bond Funds	80,000	-0-

Washington County

001. City of Springfield - SX21229004 - Jim Town Sewer System Expansion		
Bond Funds	500,000	-0-
002. City of Springfield - WX21229003 - Phase IV Water System Improvements		
Bond Funds	1,000,000	-0-
003. North Mercer Water District - Water System Extensions in Washington County		
Bond Funds	200,000	-0-

Wayne County

001. Monticello Utility Commission - Abandoned Mine Lands (AML) Water Project		
Bond Funds	650,000	-0-
002. Monticello Utility Commission - Replace Water Mains and Line Extensions		
Bond Funds	650,000	-0-
003. Monticello Utility Commission - Various Water Projects - Charlie Tucket Road, Nathan Hanes Road, Bobby Morrow Road, and George Blevins Road, and Completion of 2005 Water Projects		
Bond Funds	700,000	-0-

Wolfe County

001. City of Campton - Various Water and Sewer Projects		
Bond Funds	360,000	-0-
002. City of Campton - WX2137050 - Water		

Treatment Plant		
Bond Funds	1,000,000	-0-
003. Wolfe County Fiscal Court - Water Line Extensions and Upgrades in Hazel Green and Lee City Area		
Bond Funds	500,000	-0-
Woodford County		
001. City of Midway - Sewer Extension to Remainder of Midway		
Bond Funds	190,000	-0-
002. City of Versailles - WX21239011 - Versailles - Clifton Road/McCracken Pike/Steele Road Water Line Extension		
Bond Funds	1,800,000	-0-
003. Northeast Woodford Water District - WX21239012 - Northeast Woodford/Old Frankfort Pike Reconstruction		
Bond Funds	60,000	-0-
004. Northeast Woodford Water District - WX21239013 - Northeast Woodford Phase II Connection to Frankfort		
Bond Funds	300,000	-0-
005. Woodford County Fiscal Court - WX21239014 - Clifton Road/McCracken Pike Water Line Extension		
Bond Funds	950,000	-0-

P. COMMUNITY DEVELOPMENT FUND PROJECTS

(1) Authorization: General Fund support in the amount of $20,650,800 in fiscal year 2006-2007 and $8,453,000 in fiscal year 2007-2008, and Bond Funds in the amount of $75,658,0000 in fiscal year 2006-2007 are authorized within the Community Development Fund Projects. The authorization is identified in Part II, Capital Projects Budget, A. General Government, 4. Governor's Office for Local Development, Item 005.,of this Act, and the Projects list as identified in this section shall be placed under the jurisdiction of the Governor's Office for Local Development (GOLD). There is $7,045,000 in fiscal year 2007-2008 appropriated from the General Fund for debt service.

(2) Appropriations Not To Be Duplicated: Appropriations identified as General Fund or Bond Funds in this section are representative of the amounts provided in Part II, Capital Projects Budget, A. General Government, 4. Governor's Office for Local Development, Item 005., of this Act, and are not to be appropriated in duplication.

(3) Water and Sewer Projects: The following projects that are related to water and sewer shall be administered by the Kentucky Infrastructure Authority.

1. GENERAL GOVERNMENT

Budget Unit	Governor's Office for Local Development	2006-07	2007-08
Adair County			
001.	City of Columbia - City Hall Addition to Accommodate Police, 911 Center, and Red Cross		
	Bond Funds	475,000	-0-
002.	City of Columbia - Park Improvement		
	General Fund	100,000	-0-
Allen County			
001.	Allen County Board of Education - Allen County Intermediate Center Playground Construction and Equipment		
	General Fund	150,000	-0-

002. Allen County Fiscal Court - Allen County Senior Center Renovation		
General Fund	-0-	250,000
003. Allen County Fiscal Court - Allen County Youth Inc. - Girls Softball		
General Fund	20,000	-0-
004. Allen County Fiscal Court - Industrial Park Spec. Building		
General Fund	300,000	-0-
005. Allen County Fiscal Court - Park Improvements		
General Fund	100,000	-0-
Anderson County		
001. City of Lawrenceburg - Renovations of Lawrenceburg Police Department Building		
General Fund	50,000	-0-
Ballard County		
001. Ballard County Fiscal Court - Ballard County Fair Board - Purchase New Grandstand		
General Fund	100,000	-0-
002. City of Blandville - Blandville Fire Station		
General Fund	100,000	-0-
Barren County		
001. Barren County Fiscal Court - Barren County EMS Building		
Bond Funds	500,000	-0-
002. City of Cave City - Cave City Parks Improvements		

General Fund	150,000	-0-
003. Park City - Park Improvements		
General Fund	100,000	-0-
Bath County		
001. Bath County Fiscal Court - Agricultural Marketing Project		
General Fund	25,000	-0-
002. Bath County Fiscal Court - Bath County Park Restrooms, Concession Stand, Ball Fields Construction		
General Fund	-0-	100,000
Bell County		
001. City of Pineville - Pineville Public Library Furnishings		
General Fund	100,000	-0-
Bourbon County		
001. Bourbon County Fiscal Court - Bourbon County Fire Department		
General Fund	100,000	-0-
002. Bourbon County Fiscal Court - Bourbon County Park		
General Fund	100,000	-0-
Boyd County		
001. Boyd County Board of Education - Physical Education/Multipurpose Complex and Classroom Renovations and Improvements		
Bond Funds	350,000	-0-
002. Fairview Independent Board of Education -		

Fairview Independent Schools Renovation - Upgrade of Old Gym		
Bond Funds	150,000	-0-
Boyle County		
001. Boyle County Fiscal Court - Boyle County Public Library Improvements		
General Fund	-0-	300,000
002. Boyle County Fiscal Court - Danville/Boyle County Animal Shelter Renovation		
General Fund	20,000	-0-
003. Boyle County Fiscal Court - Ephraim McDowell House Renovation		
General Fund	50,000	-0-
004. Boyle County Fiscal Court - Pioneer Playhouse Improvements		
General Fund	40,000	-0-
005. Boyle County Fiscal Court - Wilderness Trace Child Development Center		
General Fund	60,000	-0-
006. Boyle County Fiscal Court - Woodlawn Child Care Campus		
General Fund	50,000	-0-
007. City of Danville - Brass Band Festival		
General Fund	50,000	-0-
Bracken County		
001. Bracken County Fiscal Court - Bracken County Extension Office Renovation		

General Fund	100,000	-0-
002. Bracken County Health Department - Building Expansion		
General Fund	100,000	-0-
003. City of Augusta - Augusta Community Center Renovation Improvements		
General Fund	100,000	-0-
Breathitt County		
001. Breathitt County Fiscal Court - Rails to Trails - Purchase of Abandoned Railroad Track Dawkins, KY to Evanstown, KY 36.08 miles		
Bond Funds	500,000	-0-
Breckinridge County		
001. Breckinridge County Fiscal Court - Breckinridge Senior Citizens Center		
General Fund	-0-	350,000
002. Breckinridge County Fiscal Court - Industries Expansion Project		
Bond Funds	100,000	-0-
Bullitt County		
001. Bullitt County Fiscal Court - Extension of Ridge Road Project #11398		
General Fund	50,000	-0-
Caldwell County		
001. Caldwell County Fiscal Court - County Jail Expansion		
Bond Funds	250,000	-0-

002. City of Princeton - Phase II Streetscape Building Renovation and Sidewalk Construction		
General Fund	-0-	250,000
003. Murray State University - Renovate Butler Facility in Princeton		
Bond Funds	250,000	-0-

Calloway County

001. City of Murray - Murray-Calloway Community Development Project - Purchase of Trucking Facility Including Office Area, Distribution Center, and Acreage. This Building Will Become a Spec. Building.		
Bond Funds	500,000	-0-

Campbell County

001. Bellevue Independent Board of Education - Infrastructure		
Bond Funds	250,000	-0-
002. Bellevue Independent School District - Site Improvement		
General Fund	50,000	-0-
003. Central Campbell County Fire District - Infrastructure Improvement		
General Fund	-0-	100,000
004. City of Bellevue - Downtown Revitalization Project/ Streetscape		
Bond Funds	250,000	-0-
005. City of Dayton - Downtown Revitalization		
Bond Funds	250,000	-0-

006. City of Newport - Downtown Revitalization/ Infrastructure		
Bond Funds	500,000	-0-
007. City of Southgate - Construct City Building		
Bond Funds	250,000	-0-
008. Ft. Thomas Independent Board of Education - Ft. Thomas High School Performing Arts Center		
Bond Funds	1,400,000	-0-
Carlisle County		
001. Carlisle County Board of Education Fair Board - Construction of Facility		
Bond Funds	100,000	-0-
002. City of Bardwell - Senior Citizens Center		
General Fund	-0-	200,000
Carroll County		
001. Carroll County Fiscal Court - Library		
General Fund	-0-	250,000
Carter County		
001. Carter County Fiscal Court - Hitchins Community Center/Fire Station		
Bond Funds	250,000	-0-
002. City of Olive Hill - Community Center		
Bond Funds	250,000	-0-
003. City of Olive Hill - Hop Brown Memorial Park		
General Fund	50,000	-0-
004. City of Olive Hill - Olive Hill Historical Society		
General Fund	100,000	-0-

Casey County

001. Casey County Fiscal Court - County Park Improvement		
General Fund	100,000	-0-
002. Casey County Fiscal Court - Development and Construction of Southern KY Ag. Expo Center		
Bond Funds	1,500,000	-0-
003. Casey County Fiscal Court - Educational Building		
Bond Funds	150,000	-0-
004. Casey County Fiscal Court - Library Improvement		
General Fund	50,000	-0-
005. Casey County Fiscal Court - Somerset Community College Land/Building Acquisition		
Bond Funds	100,000	-0-

Christian County

001. Christian County Fiscal Court - Alhambra Theatre Renovations		
Bond Funds	700,000	-0-

Clark County

001. Bluegrass Community and Technical College - Winchester Campus		
Bond Funds	500,000	-0-
002. City of Winchester - Community Center		
Bond Funds	1,400,000	-0-
003. Clark County Fiscal Court - Bluegrass Heritage Museum		
General Fund	50,000	-0-

004. Clark County Fiscal Court - Handicapped Children Association - Support Operations and Expenses		
General Fund	50,000	50,000
Clay County		
001. Clay County Library Board - Renovations		
General Fund	-0-	100,000
Clinton County		
001. City of Albany - Downtown Revitalization		
General Fund	150,000	-0-
002. Clinton County Fiscal Court - Albany/Clinton County - Wellness Center Building Construction		
Bond Funds	1,000,000	-0-
003. Clinton County Fiscal Court - Clinton County Wellness Center Improvements		
Bond Funds	2,000,000	-0-
004. Clinton County Health Department - Infrastructure		
General Fund	200,000	-0-
Crittenden County		
001. Crittenden County Fiscal Court - Property Purchase and Site Preparation		
Bond Funds	225,000	-0-
Cumberland County		
001. Cumberland County Fiscal Court - Children's Development Center		
General Fund	324,000	-0-
002. Cumberland County Fiscal Court - Cumberland		

County Industrial Site		
General Fund	500,000	-0-
003. Cumberland County Fiscal Court - Cumberland County Library		
General Fund	250,000	-0-
004. Cumberland County Fiscal Court - Infrastructure		
Bond Funds	150,000	-0-
005. Cumberland County Fiscal Court - Infrastructure		
General Fund	250,000	-0-
006. Cumberland County Fiscal Court - Marrowbone Park Infrastructure Improvement		
General Fund	50,000	-0-
007. Cumberland County Water District - Interconnect and Various Water Line Extensions		
General Fund	100,000	-0-
Daviess County		
001. Ben Hawes State Park - Playground Equipment Purchase		
General Fund	60,000	-0-
002. City of Owensboro - Owensboro River Park Center		
General Fund	250,000	250,000
Edmonson County		
001. City of Brownsville - Building Improvement		
General Fund	200,000	-0-
002. City of Brownsville - Business Incubator		
Bond Funds	50,000	-0-
003. Edmonson County Fiscal Court - Brownsville		

Library Improvements		
Bond Funds	500,000	-0-
004. Edmonson County Fiscal Court - Edmonson County Industrial Infrastructure - Federal Match		
Bond Funds	1,000,000	-0-
005. Edmonson County Fiscal Court - Edmonson County Park Improvements		
General Fund	150,000	-0-
Elliott County		
001. City of Sandy Hook - Downtown Beautification Project		
General Fund	-0-	100,000
002. Elliott County Board of Education - Recreational Complex and Facilities and Grounds Upgrades and Improvements		
General Fund	250,000	150,000
Estill County		
001. Estill County Fiscal Court - Biodiesel Plant Construction		
Bond Funds	500,000	-0-
002. Estill County Fiscal Court - Renovation of Westcare Community Involvement Center		
General Fund	-0-	250,000
Fayette County		
001. Central Kentucky Blood Center		
Bond Funds	500,000	-0-
002. Fayette County Board of Education - Field House		

and Training Facility - Bryan Station High School		
Bond Funds	350,000	-0-
003. Lexington-Fayette Urban County Government - Aviation Museum of Kentucky - Design and Construction		
Bond Funds	606,000	-0-
004. Lexington-Fayette Urban County Government - Family Care Center of Lexington - Technology Upgrade		
General Fund	27,100	-0-
005. Lexington-Fayette Urban County Government - Community Ventures - Third Street Land Acquisition		
Bond Funds	650,000	-0-
006. Lexington-Fayette Urban County Government - Community Ventures for Frederick Douglass Community Learning Center		
General Fund	150,000	150,000
007. Lexington-Fayette Urban County Government - Survivors II Grant		
General Fund	35,000	35,000
008. Tubby Smith Foundation - Tubby's Clubhouse		
General Fund	50,000	-0-
009. University of Kentucky - Arboretum		
General Fund	50,000	50,000

Fleming County

001. Fleming County Fiscal Court - Tilton Volunteer Fire Department		
Bond Funds	180,000	-0-

Franklin County

001. City of Frankfort - Frankfort YMCA		
General Fund	100,000	-0-
002. Frankfort Independent Board of Education - Frankfort City Schools Learning and Results Services Internet 2 Project Equipment		
General Fund	15,000	15,000
003. Franklin County Board of Education - Learning and Results Services - At-Risk Program		
General Fund	10,000	10,000
004. Franklin County Fiscal Court - Save the Grand Theatre, Inc.		
Bond Funds	488,000	-0-

Fulton County

001. City of Fulton Tourism Commission - Upgrade for City Park		
General Fund	100,000	-0-

Garrard County

001. Eastern Kentucky University - EKU Lancaster Campus		
General Fund	450,000	450,000
002. Garrard County Fiscal Court - Cartersville Rewritten Park Improvement		
General Fund	20,000	-0-
003. Garrard County Fiscal Court - Lancaster Grand Theatre - Renovation		
General Fund	100,000	-0-

004. Garrard County Fiscal Court - Paint Lick Sportsman Club Picnic Grounds for Water and Sanitation Picnic Improvements		
General Fund	20,000	-0-
005. Garrard County Fiscal Court - Purchase the Michael Salter House		
General Fund	150,000	-0-
Grant County		
001. City of Williamstown - Lake Williamstown Expansion		
General Fund	100,000	-0-
002. Grant County Fiscal Court - Fire Departments		
General Fund	50,000	-0-
Graves County		
001. City of Mayfield - Mayfield Soccer Association		
General Fund	50,000	50,000
002. Graves County Fiscal Court - Caterpillar Generator and Trailer Purchase		
General Fund	74,000	-0-
003. Graves County Fiscal Court - Picnic Sheds and Playground Equipment		
General Fund	90,000	-0-
004. Graves County Fiscal Court - Sidewalk Improvements and Soccer Park Development		
Bond Funds	300,000	-0-
005. Graves County Fiscal Court - Water Valley Fire Department Demolition Costs of Building		

General Fund	10,000	-0-
Grayson County		
001. City of Caneyville - Infrastructure		
General Fund	100,000	-0-
002. City of Clarkson - Infrastructure		
General Fund	100,000	-0-
003. City of Leitchfield - Leitchfield Industrial Park Expansion		
General Fund	500,000	-0-
Green County		
001. Green County Fiscal Court - Park Improvements		
General Fund	150,000	-0-
Greenup County		
001. City of Flatwoods - City Pool Bath Facility Improvements		
General Fund	25,000	-0-
002. City of Raceland - Worthington Board of Education - Raceland Worthington Arts Center		
Bond Funds	250,000	-0-
003. University of Kentucky - Pilot Project Music/Arts Extension Agent Employment		
General Fund	50,000	50,000
Hardin County		
001. City of Elizabethtown - Elizabethtown State Theatre		
General Fund	100,000	-0-
002. City of Radcliffe - Radcliffe Community Building		

General Fund	250,000	-0-
003. City of Rineyville - Rineyville Community Park Improvements		
General Fund	100,000	-0-
004. City of Upton - Infrastructure		
Bond Funds	250,000	-0-
005. City of White Mills - White Mills Community Park Improvements		
General Fund	100,000	-0-
006. Hardin County Fiscal Court - Elizabethtown Farmer's Market		
Bond Funds	500,000	-0-
007. Hardin County Fiscal Court - Rineyville Community Park		
General Fund	100,000	100,000
008. Hardin County Sheriff's Office - Radio System Purchase		
General Fund	500,000	-0-
Harrison County		
001. Harrison County Fiscal Court - Harrison County Memorial Hospital - Building Wing Construction		
General Fund	25,000	25,000
Hart County		
001. Hart County Fiscal Court - Health Department Improvements		
Bond Funds	500,000	-0-
002. Hart County Fiscal Court - Industrial Spec.		

Building		
Bond Funds	500,000	-0-
Henry County		
001. Henry County Fiscal Court - Lake Jericho Community Building		
General Fund	250,000	-0-
Hickman County		
001. City of Clinton - Industrial Site Acquisition		
Bond Funds	250,000	-0-
002. Hickman County Fiscal Court - Civil War Reenactment at Columbus-Belmont Park		
General Fund	-0-	100,000
Hopkins County		
001. City of Madisonville - New City Building Construction		
General Fund	150,000	-0-
002. Hopkins County Fiscal Court - Agriculture and Expo Center Construction		
Bond Funds	2,000,000	-0-
003. Hopkins County Fiscal Court - City Building and Senior Citizens Building in White Plains - Construction		
Bond Funds	200,000	-0-
Jefferson County		
001. City of Anchorage - Infrastructure/Park Improvements		
Bond Funds	250,000	-0-

002.	City of Fern Creek - Fern Creek Park Improvements		
	General Fund	23,500	76,500
003.	City of Highview Park - Infrastructure Improvements		
	General Fund	-0-	50,000
004.	City of Jeffersontown - Infrastructure/Park Improvements		
	Bond Funds	250,000	-0-
005.	City of Jeffersontown - Jeffersontown Library Branch Computers and Books		
	General Fund	50,000	50,000
006.	City of Lyndon - Infrastructure/Park Improvements		
	Bond Funds	250,000	-0-
007.	City of Middletown - Infrastructure/Park Improvements		
	Bond Funds	250,000	-0-
008.	City of Prairie Village - Infrastructure Improvements		
	General Fund	-0-	50,000
009.	City of Shively - Shively City Hall Renovation		
	General Fund	19,500	-0-
010.	City of Shively - Shively Park Walking Path		
	General Fund	142,600	-0-
011.	City of Waverly Park - Infrastructure Improvements		
	General Fund	-0-	50,000
012.	Commerce Cabinet - Arts Council Partnership of Creative Economies		

General Fund	598,200	-0-
013. Eastwood Fire Protection District - Mine Safety Equipment		
General Fund	150,000	-0-
014. Jefferson County Board of Education - Fairdale Community Center		
Bond Funds	300,000	-0-
015. Jefferson County Board of Education - Lane Elementary Playground Equipment		
General Fund	-0-	50,000
016. Louisville Metro Government - Actors Theatre of Louisville - Capital Improvements		
Bond Funds	900,000	-0-
017. Louisville Metro Government - Boys Haven Moms Mentoring Moms Program		
General Fund	110,000	110,000
018. Louisville Metro Government - Center for Women and Families		
Bond Funds	1,000,000	-0-
019. Louisville Metro Government - Family Place		
General Fund	-0-	200,000
020. Louisville Metro Government - Farnsley-Kaufman House		
General Fund	150,000	-0-
021. Louisville Metro Government - Jewish Hospital/ St. Mary Infrastructure		
Bond Funds	950,000	-0-

022. Louisville Metro Government - Louisville Central Community Centers - Job Readiness Skills for Disadvantaged		
General Fund	50,000	-0-
023. Louisville Metro Government - Louisville Regional Airport Authority - Relocation Assistance		
Bond Funds	5,000,000	-0-
024. Louisville Metro Government - Riverside, The Farnsley-Moreman Landing Aydelotte House Renovation		
Bond Funds	130,000	-0-
025. Louisville Metro Government - Riverside, The Farnsley-Moreman Landing Chapel Restoration		
Bond Funds	130,000	-0-
026. Louisville Metro Government - Valley Women's Club - Kennedy House Project		
General Fund	-0-	250,000
027. Lousiville Metro Government - Renovation of Portland Museum		
General Fund	150,000	-0-
028. Waterfront Development Corporation - Lincoln Monument - Waterfront Park		
Bond Funds	2,000,000	-0-

Jessamine County

001. City of Nicholasville - Skate Park Construction		
Bond Funds	200,000	-0-
002. City of Wilmore - Park Development		

Bond Funds	250,000	-0-
003. City of Wilmore - Wesley Village Community Center Furnishings		
General Fund	250,000	-0-
004. Jessamine County Fiscal Court - Camp Nelson Civil War Park		
Bond Funds	400,000	-0-
005. Jessamine County Fiscal Court - County Park on Union Mill Road Land Acquisition and Development		
Bond Funds	400,000	-0-
006. Jessamine County Fiscal Court - Purchase Land and Building on South Main Street Nicholasville		
Bond Funds	100,000	-0-
007. Jessamine County Water District - WX21113014 Baker Lane Water Service Upgrade		
Bond Funds	210,000	-0-
008. Jessamine Fiscal Court - Animal Shelter Improvements		
General Fund	20,000	-0-
009. Jessamine South Elkhorn Water District - Tankersley Lane Water Lines Extension		
Bond Funds	80,000	-0-
010. Kentucky Historical Society - Ron Spriggs Tuskegee Airmen		
General Fund	40,000	30,000

Kenton County

001. City of Covington - Times Star Commons -

	Planning		
	Bond Funds	750,000	-0-
002.	City of Covington - Times Star Commons - Planning		
	General Fund	250,000	-0-
003.	City of Covington - West Covington Fire Station - Property Acquisition		
	Bond Funds	300,000	-0-
004.	City of Fort Wright - Civil War Park Improvement		
	Bond Funds	250,000	-0-
005.	City of Park Hills - Sidewalk Construction		
	General Fund	250,000	-0-
006.	City of Park Hills - Thermoimaging Camera for Fire Department		
	General Fund	12,500	-0-
007.	Kenton County Fiscal Court - Behringer-Crawford Museum Improvements		
	Bond Funds	1,500,000	-0-
008.	Kenton County Fiscal Court - City of Covington Renaissance on Main Facade Project		
	General Fund	100,000	-0-
009.	Kenton County Fiscal Court - Covington Artisans Enterprise Center Improvements		
	Bond Funds	450,000	-0-

Knott County

001. Knott County Fiscal Court - Knott County Arts Center

General Fund	250,000	250,000
Laurel County		
001. Laurel County Fiscal Court - Christian Shelter for the Homeless		
General Fund	-0-	150,000
002. London/Laurel County Tourism Commission - Design and Construct History Museum		
Bond Funds	1,000,000	-0-
Lewis County		
001. City of Vanceburg - Carter House Purchase and Renovate		
General Fund	200,000	-0-
002. Lewis County Fiscal Court - E911 Dispatch Center - Purchase Building and Renovate		
General Fund	250,000	-0-
003. Lewis County Volunteer Fire Department District - Lewis County Fiscal Court - Construction of a Building		
General Fund	75,000	-0-
Lincoln County		
001. Lincoln County Fiscal Court - First Southern Veterans Park Construction		
Bond Funds	500,000	-0-
Logan County		
001. City of Russellville - Russellville Theatre Project		
Bond Funds	100,000	-0-
Lyon County		

001. Lyon County Fiscal Court - Emergency Dredging - Eddyville Riverport		
General Fund	250,000	-0-
Madison County		
001. Artisans Center		
General Fund	300,000	-0-
002. Madison County Fiscal Court - Battle of Richmond Association		
Bond Funds	1,700,000	-0-
003. Madison County Fiscal Court - Domestic Violence Services		
General Fund	400,000	400,000
004. Madison County Fiscal Court - Hospice Care Plus, Inc. Madison County		
Bond Funds	400,000	-0-
005. Madison County Fiscal Court - Richmond Area Arts Council - Land Acquisition		
Bond Funds	200,000	-0-
006. Madison County Fiscal Court - Richmond Area Arts Council - Operating		
General Fund	200,000	200,000
Marion County		
001. City of Lebanon - Lebanon Community Center Improvements		
General Fund	-0-	500,000
Marshall County		
001. City of Benton - Park Improvements		

General Fund	100,000	-0-
002. Marshall County Fiscal Court - Marshall County - Calvert City River Port Authority - Infrastructure		
Bond Funds	2,000,000	-0-
Mason County		
001. City of Mayslick - Community Center Improvements		
General Fund	300,000	-0-
002. City of Maysville - Maysville Riverwalk Phase II		
Bond Funds	160,000	-0-
003. City of Maysville - Riverwalk		
Bond Funds	500,000	-0-
004. Mason County Fiscal Court - Lewisburg Fire Department - New Building		
Bond Funds	300,000	-0-
005. Mason County Fiscal Court - Russell Theatre Phase II Restoration		
General Fund	250,000	-0-
006. Mason County Fiscal Court - Underground Railroad Museum		
General Fund	50,000	-0-
007. Mason County Health Department - Infrastructure		
Bond Funds	500,000	-0-
McCracken County		
001. McCracken County Fiscal Court - Renovation of the Joint City-County E911 Center.		
General Fund	250,000	-0-

McCreary County

001. McCreary County Fiscal Court - Drug Court Program		
General Fund	200,000	-0-
002. McCreary County Fiscal Court - Multigeneration Center		
Bond Funds	500,000	-0-

McLean County

001. McLean County Fiscal Court - Planning and Design of The McLean County Public Library		
General Fund	-0-	100,000
002. McLean County Fiscal Court - Planning and Design of The Myer Creek Agricultural Complex		
General Fund	250,000	-0-

Mercer County

001. City of Harrodsburg - West Lane Park - Park Renovations		
General Fund	50,000	-0-

Metcalfe County

001. City of Edmonton - Edmonton Industrial Authority - Industrial Park Improvements		
Bond Funds	300,000	-0-
002. City of Edmonton - Park Improvements		
General Fund	100,000	-0-

Monroe County

001. City of Gamaliel - Community Building		
Bond Funds	100,000	-0-

002. City of Tompkinsville - City Park Improvements		
General Fund	200,000	-0-
003. Monroe County Fiscal Court - Wellness Center Improvements		
Bond Funds	3,000,000	-0-
Montgomery County		
001. Juvenile Justice - Gateway Juvenile Diversion Center Operational Support		
General Fund	50,000	50,000
002. Juvenile Justice - Gateway Juvenile Diversion Center Renovation		
Bond Funds	600,000	-0-
003. Montgomery County Fiscal Court - Gateway Regional Arts Center		
General Fund	50,000	50,000
~~[**Muhlenberg County**~~		
~~001. Lake Malone State Park - Park Improvements and Miniature Golf Course~~		
~~Bond Funds~~	~~200,000~~	~~-0-]~~*(Veto #4)*
002. Muhlenberg County Fiscal Court - Courthouse Dome Repair		
Bond Funds	200,000	-0-
003. Muhlenberg County Fiscal Court - Muhlenberg County Agricultural Center		
General Fund	100,000	-0-
Nelson County		
001. Nelson County Fiscal Court - Kentucky		

Railway Museum - Renovation/Upgrade, Road Bid and Bridge Improvements		
Bond Funds	1,700,000	-0-
Oldham County		
001. Oldham County Fair Board - Oldham County Fairgrounds Facility Renovation and Infrastructure Improvements		
General Fund	100,000	-0-
002. Oldham County Fiscal Court - Oldham County Parks Department - South Oldham Little League Improvement to Peggy Baker Park		
General Fund	15,000	-0-
003. Oldham County Fiscal Court - Westport Park Improvements		
General Fund	-0-	250,000
004. Oldham CountyFiscal Court - Library Improvements		
Bond Funds	1,500,000	-0-
Pendleton County		
001. Pendleton County Fiscal Court - Athletic Park Infrastructure and Construction of Concession Stand		
General Fund	50,000	-0-
~~[**Pike County**~~		
~~001. Pike County Fiscal Court - Pikeville Medical Center Planning, Design, and Construction~~		
~~Bond Funds~~	~~1,500,000~~	~~-0-~~] *(Veto #4)*

Pulaski County

001. City of Burnside - Park Infrastructure Improvement		
General Fund	50,000	-0-
002. City of Eubank - City Infrastructure Improvement		
General Fund	50,000	-0-
003. City of Science Hill - Park Infrastructure Improvement		
General Fund	50,000	-0-
004. City of Somerset - City Park Improvement		
General Fund	100,000	-0-
005. Pulaski County Board of Education - Pulaski Secondary Vocational School Project		
General Fund	300,000	-0-
006. Pulaski County Fiscal Court - Parks and Recreation Development		
General Fund	200,000	200,000

Robertson County

001. Robertson County Board of Education - Deming School Replacement/Renovations		
Bond Funds	500,000	-0-
002. Robertson County Fiscal Court - Mt. Olivet Community Center		
General Fund	300,000	-0-

Rockcastle County

001. City of Mt. Vernon - Relocate Utility Lines For Hospital Expansion		
General Fund	100,000	-0-

002. Rockcastle County Industrial Authority - Jones Building Purchase		
Bond Funds	100,000	-0-
Rowan County		
001. Rowan County Board of Education - Rowan County High School Outdoor Athletic Complex Site Preparation, Planning, and Construction		
General Fund	100,000	200,000
002. Rowan County Fiscal Court - Rowan County Economic Development Office Design		
General Fund	150,000	-0-
Russell County		
001. City of Jamestown - Park Improvements		
General Fund	100,000	-0-
002. City of Russell Springs - Park Improvements		
General Fund	100,000	-0-
003. Russell County Board of Education - Wellness Center Improvements		
Bond Funds	1,500,000	-0-
004. Russell County Fiscal Court - Senior Citizens Center Improvements		
General Fund	-0-	200,000
005. Russell County Fiscal Court - Wellness Center Building Construction		
Bond Funds	1,000,000	-0-
Scott County		
001. Scott County Board of Education - Scott County		

High School Athletic Field Construction		
Bond Funds	200,000	-0-
002. Scott County Fiscal Court - Buffalo Park Improvement Infrastructure		
General Fund	150,000	-0-
003. Scott County Fiscal Court - Kentucky Japan Friendship Garden Construction of Educational Center		
Bond Funds	250,000	-0-
004. Scott County Fiscal Court - Senior Citizens Center Operational Expense		
General Fund	50,000	50,000

Shelby County

001. City of Simpsonville - Simpsonville Fire Dept. Addition		
Bond Funds	300,000	-0-
002. Shelby County Fiscal Court - Chestnut Grove Firehouse		
Bond Funds	600,000	-0-
003. Shelby County Fiscal Court - Community Theatre Renovation and Expansion		
General Fund	-0-	150,000
004. Shelby County Fiscal Court - Shelby County A & M Association - Construction of Barns		
General Fund	-0-	250,000

Simpson County

001. Simpson County Fiscal Court - Park Improvements

General Fund	100,000	-0-
002. Simpson County Industrial Authority Expansion		
Bond Funds	500,000	-0-
Statewide		
001. City of Buckhorn - Buckhorn Children's Foundation		
General Fund	500,000	-0-
Taylor County		
001. Campbellsville University - Tech Center Upgrade/ Workforce Retooling		
General Fund	317,900	-0-
002. City of Campbellsville - Renaissance Funds for Downtown Development		
General Fund	100,000	100,000
Todd County		
001. Todd County Fiscal Court - Clifty Community, Clifty Park Restrooms Construction		
General Fund	40,000	-0-
Trigg County		
001. Trigg County Fiscal Court - Senior Citizens Center		
General Fund	-0-	200,000
Trimble County		
001. Trimble County Park Improvements		
General Fund	250,000	-0-
Union County		
001. City of Morganfield - Sewer, Water, and Storm Drains Construction		
Bond Funds	2,000,000	-0-

002. City of Sturgis - Sewer, Water, and Storm Drains Construction		
Bond Funds	2,000,000	-0-
003. City of Uniontown - Sewer, Water, and Storm Drains Construction		
Bond Funds	500,000	-0-
004. Union County Fiscal Court - Water and Sewer Projects - Construction U.S. Highway 60		
Bond Funds	1,500,000	-0-

Warren County

001. City of Bowling Green - Bowling Green Chamber Orchestra		
General Fund	40,000	40,000
002. City of Bowling Green - Historic Rail Park		
General Fund	75,000	-0-
003. City of Bowling Green - Kentucky Fireman's Museum		
General Fund	50,000	-0-
004. Warren County Fiscal Court - Lost River Gateway Visitors Center		
General Fund	75,000	100,000
005. Warren County Fiscal Court - Lovers Lane Utility Infrastructure		
Bond Funds	200,000	-0-
006. Warren County Fiscal Court - Old Courthouse Renovation		
Bond Funds	250,000	-0-

007. Warren County Fiscal Court - Research and Development Center - Business Accelerator		
General Fund	-0-	150,000
008. Warren County Fiscal Court - Warren County Community Center Development		
General Fund	80,000	-0-
009. Warren County School Board - Old Alvaton School Gymnasium Renovations		
Bond Funds	220,000	-0-
010. Warren County Schools - New Alvaton School Intermediate Center Playground Construction and Equipment		
General Fund	75,000	-0-
Washington County		
001. Washington County Fiscal Court - Opera House Renovation		
General Fund	200,000	-0-
Wayne County		
001. City of Monticello - Downtown Revitalization		
Bond Funds	750,000	-0-
002. Wayne County Fiscal Court - Courthouse Renovation		
Bond Funds	500,000	-0-
003. Wayne County Fiscal Court - Foothills Academy - Otter Creek Female Facility		
Bond Funds	350,000	-0-
004. Wayne County Fiscal Court - Mill Springs		

Battlefield Association - West Metcalfe House		
Bond Funds	250,000	-0-
005. Wayne County Fiscal Court - Wayne County EMS Building		
Bond Funds	674,000	-0-
Webster County		
001. City of Providence - Sewer Line Expansion		
Bond Funds	950,000	-0-
002. City of Providence - Sewer Plant Debt Service		
General Fund	200,000	200,000
Wolfe County		
001. Wolfe County Fiscal Court - Lee City Fire Station Land and Building		
General Fund	80,000	-0-
Woodford County		
001. City of Midway - Walter Bradley Park - Woods Cleanup		
General Fund	50,000	-0-
002. Woodford County Fiscal Court - New Senior Citizens Center Construction		
Bond Funds	750,000	-0-
003. Woodford County Fiscal Court - Economic Development Authority for Midway Station - Debt Forgiveness		
Bond Funds	1,250,000	-0-
004. Woodford County Fiscal Court - Falling Springs Recreational Center Construction		

	General Fund	500,000	-0-
005.	Woodford County Fiscal Court - Woodford County Heritage Committee - Jack Jouett House Land Acquisition and Renovations		
	General Fund	250,000	-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, and other miscellaneous federal receipts received by a budget unit, 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 2006-2007 or fiscal year 2007-2008, 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, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810 and 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 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 2006-2007 or fiscal year 2007-2008, 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, with the concurrence of 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, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810.

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 2006-2008 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 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. Continuing Appropriations: 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 2006 Regular 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 2006 Regular Session, as well as other Acts which contain appropriation provisions for the 2006-2008 fiscal biennium, and based upon supporting documentation and legislative records as considered by the 2006 Regular Session, 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 and action 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 2006 Regular Session of the General Assembly. If any executive reorganization order

issued from sine die adjournment of the 2005 Regular Session to sine die adjournment of the 2006 Regular Session was not confirmed by the 2006 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 2005-2006 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 2006 Regular Session of the General Assembly.

17. Budget Planning Report: By August 15, 2007, the State Budget Director, in conjunction with the Consensus Forecasting Group, shall provide to each branch of government, pursuant to KRS 48.117, a budget planning report.

18. Tax Expenditure Revenue Loss Estimates: By October 15, 2007, 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 effected by tax expenditures. The Department of Revenue shall provide assistance and furnish data which is not restricted by KRS 131.190. "Tax expenditure" 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 2006 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 2006-2007 and fiscal year 2007-2008, 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. Sales and Use Tax Collection and Remittance Compensation: Notwithstanding KRS 139.570, for the periods after June 30, 2006, the total reimbursement allowed per taxpayer in any month shall not exceed $1,500. Notwithstanding KRS 139.240, 139.250 or 139.700, after the effective date of this Act, separate permit numbers for a taxpayer with different business locations shall not be issued.

24. Abandoned Property Held by Financial Institutions: Notwithstanding KRS 393.060, the dormancy period for property held or owing by a banking or financial institution, other than traveler's checks, shall be three years rather than seven years.

25. Sale of Abandoned Property by Finance and Administration Cabinet: Notwithstanding KRS 393.125, the department, within three years of the receipt of abandoned property that are securities, shall sell the securities. Unclaimed securities received by the department on or before June 30, 2004, shall be sold by June 30, 2007 with the receipts, net of estimated claims to be paid, available for appropriation to the General Fund. Unclaimed securities received by the department after June 30, 2004 and on or before June 30, 2005 shall be sold by June 30, 2008 with the receipts, net of estimated claims to be paid, available for appropriation to the General Fund.

26. 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.

27. Undesignated General Fund and Road Fund Carry Forward: Notwithstanding KRS 48.700, and KRS 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 2006-2007, 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 2006-2007 General Fund and Road Fund balances that are designated and carried forward for budgeted purposes in the 2006-2008 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.

28. Workers' Compensation Surety Bond: 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.

29. Reduction In State Utility Costs: The Finance and Administration Cabinet is hereby directed to continue to review current practices to reduce energy costs to achieve a government-wide savings of total utility costs. The Cabinet is empowered to utilize expertise in the Department of Natural Resources, the Public Service Commission, and other agencies to accomplish this goal.

30. Cellular Telephones/Electronic Devices: By 90 days after the effective date of this Act, the Secretary of the Finance and Administration Cabinet shall review the use of cellular telephones and other types of electronic communication devices and issue guidelines to state agencies specifying criteria to document the need for such equipment. A copy of the guidelines shall be transmitted to the Interim Joint Committee on Appropriations and Revenue at the time of issuance.

31. Printing: The General Assembly declares that the financial condition of the Commonwealth requires that the Secretary of the Finance and Administration Cabinet shall review all state printing, including publications and the associated cost of storage, distribution, and advertising and direct all state agencies to use Internet and other electronic technology in order to reduce costs.

32. Travel Expenditures: All state agencies shall continue to monitor all travel expenditures and shall utilize state parks or other state facilities to the fullest extent

feasible. The Secretary of the Finance and Administration Cabinet shall review all out-of-state travel requests for three or more state employees to attend the same destination or event and shall approve the requests if deemed necessary.

33. Horse Cave Repertory Theatre: The Horse Cave Repertory Theatre located in Hart County, Kentucky is named and designated as the official state repertory theatre.

34. Fiscal Year 2007-2008 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 2007-2008.

35. Appropriation of Budget Reserve Trust Fund: Pursuant to KRS 48.705, $25,000,000 from the Budget Reserve Trust Fund is available in fiscal year 2007-2008 to be appropriated by the General Assembly in this Act.

36. 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.

37. Voluntary Assignment of Escrow Payments: Funds totaling $35,000,000 in fiscal year 2006-2007 and $20,000,000 in fiscal year 2007-2008 from the voluntary assignment of escrow payments by nonparticipating manufacturers shall be appropriated to the Budget Reserve Trust Fund. Beginning in fiscal year 2006-2007 and for fiscal year 2007-2008, the first $2,200,000 in funds deposited in the Budget Reserve Trust Fund pursuant to the provisions of this section are hereby appropriated to the Cabinet for Health and Family Services, Department for Public Health, to be used for smoking prevention and cessation programs.

38. General Fund Expenditure Reductions Through Efficiencies: The Executive Office of the Governor shall reduce General Fund expenditures appropriated in this Act by $38,500,000 in fiscal year 2006-2007 and by $19,500,000 in fiscal year 2007-2008, by continuing to reduce waste, fraud, and abuse, and by creating additional savings

through increased efficiencies. The biennial savings are in addition to the revenue measures directed by the Executive Branch.

39. Abandonment of Traveler's Checks: Notwithstanding KRS 393.060, traveler's checks held or owing by a banking or financial organization shall be presumed abandoned when the period of time the traveler's checks have been outstanding exceeds seven years, unless the owner has within seven years corresponded in writing with the banking or financial organization concerning the traveler's checks, or otherwise indicated an interest as evidenced by a memorandum on file with the banking or financial organization.

(40) Kentucky Wine and Vine Fest: The Kentucky Wine and Vine Fest of Nicholasville, Kentucky, is named and designated as the official state wine festival.

(41) Lottery Receipt Dividend Payment: Notwithstanding KRS 154A.130(4), the additional net lottery receipt dividend payment declared in March 2006 which exceeded the Consensus Forecast Group lottery funds estimate in December 2005 shall be credited to the General Fund.

PART IV

STATE SALARY/COMPENSATION AND EMPLOYMENT POLICY

1. Maximum Filled Permanent Positions: Notwithstanding KRS 18A.010(2), for the 2006-2008 fiscal biennium, the total number of filled permanent positions in the agencies of the Executive Branch is limited to the number authorized in the enacted State/Executive Budget of the Commonwealth for the 2006-2008 fiscal biennium. The provisions of this section do not apply to the employees of the General Assembly, the Legislative Research Commission, or the Court of Justice.

2. Authorized Personnel Complement: On July 1, 2006, the Personnel Cabinet and the Office of State Budget Director shall establish a record for each budget unit of authorized permanent 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 and vacant positions of permanent full-time, permanent part-time, and all other positions shall not exceed the authorized complements pursuant to this section. When an agency head certifies that an emergency employment situation exists for a limited time within a fiscal year, the State Budget Director may approve, and the Secretary of the Personnel Cabinet may authorize, the employment of individuals in addition to the authorized complement for the duration of the limited time period so authorized within the fiscal year. A copy of records, certifications, and actions authorized in this section shall be provided to the Interim Joint Committee on Appropriations and Revenue on a monthly basis.

3. Salary Adjustments: Notwithstanding KRS 18A.355~~[(1)]~~, *(Veto #25)* in fiscal year 2006-2007 and in fiscal year 2007-2008, a salary adjustment amounting to an annualized value on the base salary or wages of each eligible full-time and part-time employee on their anniversary date is provided. The amount of the salary adjustment is determined by each eligible employee's annual base salary or wages on their anniversary date, and the following table reflects the annualized values of the salary adjustment for fiscal year 2006-2007 and fiscal year 2007-2008, except as provided by this section.

Annual Base Salary or Wages	**2006-07**	**2007-08**
$0 to $30,000.00	$1,350	$1,350
$30,000.01 to $50,000.00	$1,200	$1,200
$50,000.01 to $60,000.00	$1,000	$1,000
$60,000.01 to $80,000.00	$600	$600
$80,000.01 and above	$400	$400

Commencing with an eligible employee's anniversary date, the salary adjustment shall be added to the eligible employee's base salary or wages and shall be disbursed by payroll period in a one-twenty-fourth installment for the duration of the employment. The Secretary of the Personnel Cabinet shall determine the pro rata amount of the salary

adjustment to be provided to part-time employees. The salary adjustment shall be a part of the salary or wage base of the employee.

4. State Salary and Compensation Fund: The State Budget Director shall determine the amount of funds from the appropriation in Part I, Operating Budget, J. Personnel Cabinet, 4. State Salary and Compensation Fund, of this Act by budget unit necessary to provide for the salary adjustments. 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 in order to provide for the salary adjustments.

The State Budget Director shall notify the Secretary of the Finance and Administration Cabinet of the respective amount of General Fund from the State Salary and Compensation Fund to transfer to each affected budget unit and such funds shall be transferred. The State Budget Director shall report to the Interim Joint Committee on Appropriations and Revenue the implementation of these provisions.

5. 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 as contained in Appendix B of the budget instructions promulgated by the Legislative Research Commission pursuant to KRS 48.040 and communicated to agencies by the Office of State Budget Director 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.

6. 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 family health benefit plan. The annual percentage increase for the employee contribution for family coverage for married couples who cross-reference shall not exceed the annual percentage increase in the total premium for that coverage option.

7. Public Employees Self-Insured Health Insurance Premiums: Beginning with the employer premium due for coverage effective July 1, 2006, under the Public Employees Self-Insured Health Insurance Program, the employer rate shall be reduced by 12 percent for the balance of Plan Year 2006. For Plan Year 2007, the increase in employer and employee premiums for coverage under the Public Employees Self-Insured Health Insurance Program shall not exceed 10.4 percent for the Essential Plan and 9 percent for the Enhanced and Premium Plan over the Plan Year 2006 rates as adjusted by this Act.

8. Employer Retirement Contribution Rates: Notwithstanding KRS 61.565, the employer contribution rates for the Kentucky Employees Retirement Systems from July 1, 2006, through June 30, 2007, shall be 7.75 percent, consisting of 4.83 percent for pension and 2.92 percent for insurance, for nonhazardous duty employees and 22.0 percent, consisting of 8.75 percent for pension and 13.25 percent for insurance, for hazardous duty employees; for the same period the employer contribution for employees of the State Police Retirement System shall be no more than 25.5 percent, consisting of 12.44 percent for pension and 13.06 percent for insurance. Notwithstanding KRS 61.565, the employer contribution rates for the Kentucky Employees Retirement Systems from July 1, 2007, through June 30, 2008, shall be 8.5 percent, consisting of 5.47 percent for pension and 3.03 percent for insurance, for nonhazardous duty employees and 24.25 percent, consisting of 9.79 percent for pension and 14.46 percent for insurance for hazardous duty employees; for the same period the employer contribution for employees of the State Police Retirement System shall be no more than 28.0 percent, consisting of 14.23 percent for pension and 13.77 percent for insurance.

9. Interest Earnings: Interest accruing to the Public Employees Self-Insured Health Insurance Fund shall be credited to the fund.

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 2005-2006, fiscal year 2006-2007, and fiscal year 2007-2008:

		2005-06	2006-07	2007-08
A.	**GENERAL GOVERNMENT**			
1.	**Office of the Governor**			
	Agency Revenue Fund	5,600	-0-	-0-
2.	**Office of the Governor**			
	Other Special Revenue Fund	25,200	-0-	-0-
3.	**Office of State Budget Director**			
	Agency Revenue Fund	75,400	-0-	-0-
4.	**Homeland Security**			
	Agency Revenue Fund	351,400	-0-	-0-
	(KRS 65.7631)			
5.	**Department of Veterans' Affairs**			
	Agency Revenue Fund	1,756,100	-0-	-0-
6.	**Kentucky Infrastructure Authority**			
	Solid Waste and Environmental			
	Protection Revolving Loan			
	Fund Program	3,600,000	-0-	-0-
7.	**Military Affairs**			
	Agency Revenue Fund	300,000	4,900,000	300,000
8.	**Commission on Women**			
	Agency Revenue Fund	1,800	-0-	-0-
9.	**Local Government Economic**			

	Development Fund			
	Multi-County Fund	-0-	7,450,000	15,599,000
	(KRS 42.4588)			
10.	**Secretary of State**			
	Agency Revenue Fund	350,000	900,000	900,000
11.	**Attorney General**			
	Agency Revenue Fund	521,200	-0-	-0-
12.	**Treasury**			
	Agency Revenue Fund	92,900	-0-	-0-
13.	**Agriculture**			
	Agency Revenue Fund	-0-	479,500	337,800
14.	**Emergency Medical Services**			
	Agency Revenue Fund	162,500	-0-	-0-
	(KRS 311A.145(2))			
B.	**COMMERCE CABINET**			
1.	**Secretary**			
	Agency Revenue Fund	190,700	-0-	-0-
2.	**Artisans Center**			
	Other Special Revenue Fund	307,100	-0-	-0-
3.	**Energy Policy**			
	Agency Revenue Fund	506,300	-0-	-0-
	(KRS 132.020(5))			
4.	**Tourism**			
	Agency Revenue Fund	204,000	-0-	-0-
5.	**Horse Park Commission**			
	Kentucky Horse Park Fund	40,800	-0-	-0-
6.	**State Fair Board**			

	State Fair Board Fund	234,000	-0-	-0-
7.	**Historical Society**			
	Agency Revenue Fund	120,000	-0-	-0-
8.	**Arts Council**			
	Agency Revenue Fund	20,000	-0-	-0-
	(KRS 153.220(8))			
C.	**ECONOMIC DEVELOPMENT CABINET**			
1.	**Secretary**			
	Agency Revenue Fund	200,000	-0-	-0-
2.	**Financial Incentives**			
	Kentucky Economic Development			
	Finance Authority	-0-	-0-	700,000
	(KRS 154.20-010 to 154.20-150)			
D.	**DEPARTMENT OF EDUCATION**			
1.	**Operations and Support Services**			
	Agency Revenue Fund	150,000	-0-	-0-
2.	**Department of Education**			
	School Districts Flexible Spending			
	Account Expendable Trust Fund	7,000,000	12,000,000	12,000,000
E.	**EDUCATION CABINET**			
1.	**General Administration and Program Support**			
	Agency Revenue Fund	53,000	75,000	89,600
2.	**Environmental Education Council**			
	Agency Revenue Fund	874,600	-0-	-0-
	(KRS 224.43-505(2)(b))			
3.	**Career and Technical Education**			
	Agency Revenue Fund	656,800	-0-	-0-

F. ENVIRONMENTAL AND PUBLIC PROTECTION CABINET

1.	**Natural Resources**		
	Agency Revenue Fund	247,900	-0-	-0-
	(KRS 149.280(2) and 149.670)			
2.	**Public Protection Commissioner**		
	Agency Revenue Fund	400,000	175,000	150,000
3.	**Petroleum Storage Tank Environmental Assurance Fund**		
	Insurance Administration Fund	626,500	41,997,300	17,564,100
	(KRS 224.60-140, 224.60-145 and 224.60-150)			
4.	**Alcoholic Beverage Control**		
	Agency Revenue Fund	3,011,700	836,200	457,600
	(KRS 243.025)			
5.	**Charitable Gaming**		
	Agency Revenue Fund	1,100,000	-0-	-0-
	(KRS 238.570(2))			
6.	**Financial Institutions**		
	Agency Revenue Fund	3,295,100	1,851,300	1,900,900
	(KRS 287.485)			
7.	**Insurance**		
	Agency Revenue Fund	8,659,700	9,000,000	10,750,000
	(KRS 304.2-300, 304.2-400 and 304.2-440)			
8.	**Workers Compensation Funding Commission**		
	Insurance Administration Fund	-0-	3,735,500	1,618,900
	(KRS 342.1227)			

9. Environmental and Public Protection

Kentucky Pride Trust Fund	-0-	18,000,000	-0-
(KRS 224.43-505(1))			

10. Environmental and Public Protection

Kentucky Pride Trust Fund	-0-	2,006,300	2,006,300

Pursuant to KRS 224.43-505(2)(a)5., these funds 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, Capital Projects Budget, A. Government Operations, 3. Kentucky Infrastructure Authority, c. Kentucky Pride Fund Projects.

G. FINANCE AND ADMINISTRATION CABINET

1. General Administration

Agency Revenue Fund	58,800	3,779,800	3,784,800

2. Controller

Agency Revenue Fund	1,200,000	204,300	215,800

3. Facilities and Support Services

Agency Revenue Fund	232,500	200,800	583,400

~~[**4. Commonwealth Office of Technology**~~

~~Agency Revenue Fund -0- -0-1,000,000]~~ *(Veto #26)*

5. Revenue

Agency Revenue Fund	1,000,000	-0-	-0-
(KRS 45.238(3), 132.320(3), 134.400, 160.6154(2) and 365.390(2))			

6. Finance and Administration

Capital Construction and Equipment Purchase Contingency Fund	-0-	2,000,000	-0-
(KRS 45.770)			

7. Finance and Administration

	Capital Construction			
	Investment Income	-0-	6,200,000	5,330,000
	(KRS 42.500)			
8.	**Finance and Administration**			
	Statewide Deferred Maintenance Fund	-0-	332,000	-0-
	(KRS 45.782)			
9.	**Finance and Administration**			
	Capital Construction Emergency			
	Repair and Maintenance Fund	-0-	1,000,000	-0-
	(KRS 45.780)			
H.	**HEALTH AND FAMILY SERVICES CABINET**			
1.	**General Administration and**			
	Program Support			
	Agency Revenue Fund	5,723,000	-0-	-0-
	(KRS 212.025(2))			
2.	**General Administration and**			
	Program Support			
	Malt Beverage Education Fund	350,000	350,000	350,000
3.	**Children with Special Health**			
	Care Needs			
	Agency Revenue Fund	500	-0-	-0-
	(KRS 212.025(2))			
4.	**Public Health**			
	Agency Revenue Fund	4,657,000	542,800	483,000
	(KRS 194A.050(4), 211.350(7),			
	211.848(2), 212.025(2), 213.141(3),			
	217.125(2), 219.071 and 221.020(2))			

5.	**Health Policy**			
	Agency Revenue Fund	351,700	-0-	-0-
	(KRS 212.025(2))			
6.	**Human Support Services**			
	Agency Revenue Fund	156,500	-0-	-0-
	(KRS 212.025(2))			
7.	**Ombudsman**			
	Agency Revenue Fund	1,600	-0-	-0-
	(KRS 212.025(2))			
8.	**Disability Determination Services**			
	Agency Revenue Fund	2,400	-0-	-0-
	(KRS 212.025(2))			
I.	**JUSTICE AND PUBLIC SAFETY CABINET**			
1.	**Justice Administration**			
	Agency Revenue Fund	109,100	-0-	-0-
2.	**Criminal Justice Training**			
	Kentucky Law Enforcement			
	Foundation Program Fund	-0-	-0-	2,000,000
	(KRS 15.430)			
3.	**Juvenile Justice**			
	Agency Revenue Fund	6,520,000	-0-	-0-
4.	**Community Services and Local Facilities**			
	Agency Revenue Fund	80,100	-0-	-0-
5.	**Public Advocacy**			
	Agency Revenue Fund	162,700	-0-	-0-
	(KRS 31.211(8) and 189A.050(3)(f))			
J.	**PERSONNEL**			

1.	**General Operations**			
	Flexible Spending Account	323,000	1,000,000	1,000,000
	(KRS 18A.225(2)(g))			
2.	**General Operations**			
	Other Special Revenue Fund	333,300	-0-	-0-
3.	**General Operations**			
	Agency Revenue Fund	922,500	-0-	-0-
	(KRS 18A.225(2)(g))			
4.	**Workers Compensation**			
	Benefits and Reserve			
	Risk Management Fund	4,028,500	-0-	-0-
	(KRS 18A.375(3))			
K.	**POSTSECONDARY EDUCATION**			
1.	**Council on Postsecondary Education**			
	Agency Revenue Fund	300,000	-0-	-0-
2.	**Kentucky Higher Education Assistance Authority**			
	Osteopathic Medicine			
	Scholarship Trust Fund	390,000	-0-	-0-
	(KRS 164.7891(11))			
3.	**Kentucky Higher Education Assistance Authority**			
	Osteopathic Medicine			
	Repayment Fund	440,000	350,000	-0-
	(KRS 164.7891(11))			
4.	**Kentucky Community and Technical College System**			
	Firefighters Foundation			
	Program Fund	-0-	-0-	2,000,000
	(KRS 95A.220)			

L. TRANSPORTATION CABINET

1. Aviation

Kentucky Aviation Economic Development Fund	-0-	468,000	468,000

Notwithstanding KRS 183.525(5), these funds transfers to the General Fund support the General Fund debt service on the bonds sold as appropriated by 2005 Ky. Acts ch. 173, Part II, Capital Projects Budget, C., 1., 002.

2. Aviation

Kentucky Aviation Economic Development Fund	-0-	4,000,000	4,000,000

3. Highways

~~[Federal]~~Funds *(Veto #27)*	-0-	9,000,000	-0-
TOTAL - FUNDS TRANSFER	62,483,500	132,833,800	85,589,200

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 deficit in estimated General Fund revenue receipts of $8,514,872,500 in fiscal year 2006-2007 and $8,879,172,400 in fiscal year 2007-2008 as 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 deficit.

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.

In the event of a revenue shortfall under the provisions of KRS 48.120, 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 shall be applied as determined by the head of each branch for its respective budget units;

(3) 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;

(4) 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 2006-2007 and 50 percent of the trust fund balance in fiscal year 2007-2008; and

(5) Notwithstanding KRS 48.130 and 48.600, if the actions contained in subsections (1) to (4) of this section 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) Pursuant to KRS 48.700 and notwithstanding KRS 48.140, 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 2006-2007 and 2007-2008. Pursuant to the enactment of the 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 27, of this Act are appropriated to the following:

(a) Necessary Government Expenses, including but not limited to Emergency Orders formally declared by the Governor in an Executive Order;

(b) Increased support to the Budget Reserve Trust Fund;

(c) The Kentucky Retirement Systems to address a portion of the actuarially unfunded liability; and

(d) The Kentucky Teachers' Retirement System's medical insurance fund as established in KRS 161.420 to augment the state medical insurance stabilization contribution as established in KRS 161.550.

(2) The Secretary of the Finance and Administration Cabinet shall determine, within 30 days after the close of the fiscal year 2005-2006, and the close of fiscal year 2006-2007, 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 respectively in fiscal year

2005-2006 and fiscal year 2006-2007. 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.

Subsequent to June 30, 2006, funds that are certified as being available in the actual General Fund undesignated fund balance for the General Fund Surplus Account are appropriated for expenditure in fiscal year 2005-2006 pursuant to the Plan.

PART VIII

ROAD FUND BUDGET REDUCTION PLAN

There is established a Road Fund Budget Reduction Plan for fiscal year 2006-2007 and fiscal year 2007-2008. Pursuant to KRS 48.130, in the event of an actual or projected shortfall in estimated Road Fund revenue receipts of $1,238,685,300 in fiscal year 2006-2007 and $1,261,931,900 in fiscal year 2007-2008 as determined by KRS 48.120(3), the Governor shall implement sufficient reductions as may be required to protect the highest possible level of service.

PART IX

ROAD FUND SURPLUS EXPENDITURE PLAN

Pursuant to KRS 48.710 and notwithstanding KRS 48.140, there is established a plan for the expenditure of the Road Fund surplus moneys pursuant to a Road Fund Surplus Expenditure Plan contained in this Part for fiscal years 2006-2007 and 2007-2008. Pursuant to the enactment of the Surplus Expenditure Plan, Road Fund moneys in the Road Fund undesignated fund balance in excess of the amount specified in Part III, General Provisions, Section 27, of this Act are appropriated to the State Construction Account and utilized to support projects in the fiscal biennium 2006-2008 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 2005-2006 is $91,300,000 and in fiscal year 2006-2007 is $88,800,000 and in fiscal year 2007-2008 is $94,000,000. 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 $175,000 of the MSA payments received each fiscal year of the 2006-2008 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 2006-2007, estimated to be $44,312,500, and in fiscal year 2007-2008, estimated to be $46,912,500, 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 2006-2007, estimated to be $22,156,200, and in fiscal year 2007-2008, estimated to be $23,456,300, 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 2006-2007, estimated to be $22,156,300, and in fiscal year 2007-2008, estimated to be $23,456,200, is appropriated to the Kentucky Health Care Improvement Fund for health care initiatives as specified below.

(6) MSA Appropriation Adjustment: The Consensus Forecasting Group reduced the fiscal year 2005-2006 Phase I Master Settlement Agreement revenue forecast from the enacted estimate of $108,600,000 to $91,300,000, a reduction of $17,300,000. The revenue estimate reduction was based on the high probability of an adjustment for nonparticipating manufacturers. To accommodate this reduction in estimated revenues, the following fiscal year 2005-2006 appropriations are hereby reduced in accordance with 2005 Ky. Acts ch. 173, Part X, (5):

a. Agricultural Development

1. Finance - Debt Service - $12,097,700

2. Natural Resources - Conservation - $630,000

b. Early Childhood Development

1. Community Based Services - Child Care - $1,041,000

2. Public Health - HANDS - $393,000

3. Public Health - Healthy Start - $50,000

4. Public Health - Immunizations - $250,000

5. Commission for Children with Special Health Care Needs - Universal Newborn Hearing Screening - $104,000

6. Commission for Children with Special Health Care Needs - Universal Newborn Vision Screening - $5,000

c. Health Care Improvement

1. Insurance - Kentucky Access - $1,139,100

2. Public Health - Smoking Cessation - $184,200

3. Justice Administration - $151,100

4. Council on Postsecondary Education - Lung Cancer Research Fund - $368,600

d. Enforcement

1. Revenue - $11,900

(7) 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	**2006-07**	**2007-08**
a. Revenue	175,000	175,000

B. AGRICULTURAL DEVELOPMENT APPROPRIATIONS

GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS

1. GENERAL GOVERNMENT

Budget Unit	**2006-07**	**2007-08**
a. Governor's Office of Agricultural Policy	17,469,800	20,065,100

(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) Partial Phase II Litigation Proceeds: Notwithstanding KRS 45.229, General Fund dollars of $27,000,000 representing Partial Phase II Litigation proceeds that were appropriated in fiscal year 2005-2006 pursuant to 2005 House Bill 267 (2005 Ky. Acts ch. 173, Part X, Phase I Tobacco Settlement, B.3.a.(4), shall not lapse in fiscal years 2005-2006, 2006-2007, and 2007-2008. To the extent possible, all General Fund dollars shall be expended from the account prior to the expenditure of Tobacco Fund dollars.

(3) Kentucky Tobacco Settlement Trust Corporation: The Governor's Office of Agricultural Policy shall provide and make available the funds necessary, not to

exceed $4,000,000, for the Kentucky Tobacco Settlement Trust Corporation to carry out the provisions of the Phase II Amnesty Payment Program established in Part XX, Tobacco Amnesty Compensation, of this Act. General Fund and/or General Fund (Tobacco) continuing appropriations from the Governor's Office of Agricultural Policy shall be the source of funds provided to the Kentucky Tobacco Settlement Trust Corporation.

2. ENVIRONMENTAL AND PUBLIC PROTECTION CABINET

Budget Unit	**2006-07**	**2007-08**
a. Natural Resources - Conservation	9,000,000	9,000,000

(1) Environmental Stewardship Program: Included in the above General Fund (Tobacco) appropriation is $9,000,000 in fiscal year 2006-2007 and $9,000,000 in fiscal year 2007-2008 for the Environmental Stewardship Program.

3. FINANCE AND ADMINISTRATION CABINET

Budget Unit	**2006-07**	**2007-08**
a. Debt Service	17,842,700	17,847,400

(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.

TOTAL - AGRICULTURAL APPROPRIATIONS	44,312,500	46,912,500

C. EARLY CHILDHOOD DEVELOPMENT

GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS

1. EDUCATION CABINET

Budget Unit	**2006-07**	**2007-08**

a. Learning and Results Services	1,388,400	1,508,400

2. CABINET FOR HEALTH AND FAMILY SERVICES

Budget Units	**2006-07**	**2007-08**
a. Community Based Services	6,970,400	7,420,400

(1) Early Childhood Development Program: Included in the above General Fund (Tobacco) appropriation is $6,970,400 in fiscal year 2006-2007 and $7,420,400 in fiscal year 2007-2008 for the Early Childhood Development Program.

b. Public Health	11,785,300	12,375,500

(1) HANDS Program, Healthy Start, Universal Children's Immunizations, Folic Acid Program, Early Childhood Mental Health, Early Childhood Oral Health, and Kentucky Early Intervention Services First Steps: Included in the above General Fund (Tobacco) appropriation is $7,149,800 in fiscal year 2006-2007 and $7,599,900 in fiscal year 2007-2008 for the Health Access Nurturing Development Services (HANDS) Program; $1,000,000 in fiscal year 2006-2007 and $1,140,100 in fiscal year 2007-2008 for Healthy Start initiatives; $1,750,000 in each fiscal year for Universal Children's Immunizations; $400,000 in each fiscal year for the Folic Acid Program; $775,000 in each fiscal year for Early Childhood Mental Health; $210,500 in each fiscal year for Early Childhood Oral Health; and $500,000 in each fiscal year for the Kentucky Early Intervention Services First Steps Program.

c. Mental Health and Mental Retardation Services	800,000	800,000

(1) Substance Abuse Prevention and Treatment: Included in the above General Fund (Tobacco) appropriation is $800,000 in each fiscal year for substance abuse prevention and treatment.

d. Commission for Children with Special Health Care Needs	312,100	352,000

(1) Universal Newborn Hearing Screening and Vision Screening: Included in the above General Fund (Tobacco) appropriation is $310,100 in fiscal year 2006-2007 and $350,000 in fiscal year 2007-2008 for Universal Newborn Hearing Screening and $2,000 in each fiscal year for Vision Screening.

e.	Human Support Services	100,000	100,000

(1) Children's Advocacy Centers: Included in the above General Fund (Tobacco) appropriation is $100,000 in each fiscal year for Children's Advocacy Centers.

3. POSTSECONDARY EDUCATION

Budget Unit		**2006-07**	**2007-08**
a.	Kentucky Higher Education Assistance Authority	800,000	900,000

(1) Early Childhood Scholarships: Included in the above General Fund (Tobacco) appropriation is $800,000 in fiscal year 2006-2007 and $900,000 in fiscal year 2007-2008 for Early Childhood Scholarships.

TOTAL - EARLY CHILDHOOD APPROPRIATIONS	22,156,200	23,456,300

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. ENVIRONMENTAL AND PUBLIC PROTECTION CABINET

Budget Unit		**2006-07**	**2007-08**
a.	Insurance	13,692,700	14,496,000

(1) Kentucky Access Program: Included in the above General Fund (Tobacco) appropriation is $13,692,700 in fiscal year 2006-2007 and $14,496,000 in fiscal year 2007-2008 for the Kentucky Access Program.

2. CABINET FOR HEALTH AND FAMILY SERVICES

Budget Unit		**2006-07**	**2007-08**

a. Public Health	2,215,600	2,345,600

(1) Smoking Cessation Program: Included in the above General Fund (Tobacco) appropriation is $2,215,600 in fiscal year 2006-2007 and $2,345,600 in fiscal year 2007-2008 for the Smoking Cessation Program.

3. JUSTICE AND PUBLIC SAFETY CABINET

Budget Unit	**2006-07**	**2007-08**
a. Justice Administration	1,816,800	1,923,400

(1) Office of Drug Control Policy: Included in the above General Fund (Tobacco) appropriation is $1,816,800 in fiscal year 2006-2007 and $1,923,400 in fiscal year 2007-2008 for the Office of Drug Control Policy.

4. POSTSECONDARY EDUCATION

Budget Unit	**2006-07**	**2007-08**
a. Council on Postsecondary Education	4,431,200	4,691,200

(1) Ovarian Cancer Screening: Notwithstanding KRS 164.476, General Fund (Tobacco) dollars in the amount of $775,000 in fiscal year 2006-2007 and $775,000 in fiscal year 2007-2008 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	22,156,300	23,456,200
TOTAL - PHASE I TOBACCO SETTLEMENT FUNDING PROGRAM	88,800,000	94,000,000

PART XI

STATE/EXECUTIVE BRANCH BUDGET SUMMARY

OPERATING BUDGET

	2005-06	**2006-07**	**2007-08**
General Fund (Tobacco)	-0-	88,800,000	94,000,000
General Fund	86,848,200	8,377,397,500	9,013,922,400
Restricted Funds	7,669,300	4,848,685,800	4,725,186,100

Federal Funds	274,526,200	7,173,272,300	7,336,562,900
Road Fund	12,805,700	1,229,893,800	1,255,136,900
Highway Bonds	-0-	350,000,000	-0-
SUBTOTAL	381,849,400	22,068,049,400	22,424,808,300

CAPITAL PROJECTS BUDGET

	2005-06	**2006-07**	**2007-08**
General Fund (Tobacco)	-0-	-0-	-0-
General Fund	-0-	22,145,800	11,103,000
Restricted Funds	4,320,000	1,649,349,400	60,762,200
Federal Funds	-0-	179,082,000	22,190,000
Road Fund	-0-	10,285,000	6,795,000
Bond Funds	-0-	1,558,923,000	-0-
Agency Bonds	-0-	471,901,000	-0-
Capital Construction Surplus	-0-	4,107,000	1,045,000
Investment Income	-0-	10,900,000	10,810,000
Other Funds	-0-	210,141,000	17,868,000
Deferred Maintenance	-0-	-0-	-0-
Emergency Repair Maintenance and Replacement	-0-	1,700,000	-0-
SUBTOTAL	4,320,000	4,118,534,200	130,573,200

BUDGET RESERVE TRUST FUND

General Fund	-0-	35,000,000	20,000,000

TOTAL - STATE/EXECUTIVE BUDGET

	2005-06	**2006-07**	**2007-08**
General Fund (Tobacco)	-0-	88,800,000	94,000,000
General Fund	86,848,200	8,434,543,300	9,045,025,400

Restricted Funds	11,989,300	6,498,035,200	4,785,948,300
Federal Funds	274,526,200	7,352,354,300	7,358,752,900
Road Fund	12,805,700	1,240,178,800	1,261,931,900
Highway Bonds	-0-	350,000,000	-0-
Bond Funds	-0-	1,558,923,000	-0-
Agency Bonds	-0-	471,901,000	-0-
Capital Construction Surplus	-0-	4,107,000	1,045,000
Investment Income	-0-	10,900,000	10,810,000
Other Funds	-0-	210,141,000	17,868,000
Deferred Maintenance	-0-	-0-	-0-
Emergency Repair Maintenance and Replacement	-0-	1,700,000	-0-
TOTAL FUNDS	386,169,400	26,221,583,600	22,575,381,500

The above capital projects are directly funded in Part II, Capital Projects Budget, of this Act. The above Budget Reserve Trust Fund is directly funded in Part III, General Provisions, of this Act.

PART XII

COMPENSATION OF GENERAL ASSEMBLY EMPLOYEES

Notwithstanding KRS 48.310, the following statute is amended to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

Section 1. KRS 6.230 is amended to read as follows:

Employees of the General Assembly shall receive a per diem as follows: chief clerk, one hundred ***twenty dollars ($120)***~~[ten dollars ($110)]~~; assistant clerk, one hundred ***ten*** dollars ***($110)***~~[($100)]~~; enrolling clerk, ***one hundred five dollars ($105)***~~[ninety-five dollars ($95)]~~; sergeant-at-arms, ***eighty-five dollars ($85)***~~[seventy-five dollars ($75)]~~; doorkeeper, ***eighty-five dollars ($85)***~~[seventy-five dollars ($75)]~~; janitors, ***seventy-five***

dollars ($75)~~[sixty-five dollars ($65)]~~; cloakroom keeper, ***seventy-five dollars ($75)***~~[sixty-five dollars ($65)]~~; pages, thirty-five dollars ($35) each.

Section 2. The provisions of Section 1 of this Part relative to the compensation of employees of the House and Senate shall apply to, and be paid for, covered employees of the 2006 Regular Session of the General Assembly effective January 3, 2006, provided that there shall be deducted from the amount due to each employee the amount already paid to the employee for services during the 2006 General Assembly which were rendered prior to the effective date of this Act.

PART XIII

INCOME TAX

Notwithstanding KRS 48.310, the following statutes are amended to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

Section 1. KRS 141.040 is amended to read as follows:

(1) Every corporation doing business in this state, except those corporations listed in paragraphs (a) to (h) of this subsection, shall pay for each taxable year a tax to be computed by the taxpayer on taxable net income or the alternative minimum calculation computed under this section at the rates specified in this section:

(a) Financial institutions, as defined in KRS 136.500, except bankers banks organized under KRS 287.135;

(b) Savings and loan associations organized under the laws of this state and under the laws of the United States and making loans to members only;

(c) Banks for cooperatives;

(d) Production credit associations;

(e) Insurance companies, including farmers or other mutual hail, cyclone, windstorm, or fire insurance companies, insurers, and reciprocal underwriters;

(f) Corporations or other entities exempt under Section 501 of the Internal Revenue Code;

(g) Religious, educational, charitable, or like corporations not organized or conducted for pecuniary profit; and

(h) Corporations whose only owned or leased property located in this state is located at the premises of a printer with which it has contracted for printing, provided that:

1. The property consists of the final printed product, or copy from which the printed product is produced; and

2. The corporation has no individuals receiving compensation in this state as provided in KRS 141.120(8)(b).

(2) For tax years ending before January 1, 1990, the following rates shall apply:

(a) Three percent (3%) of the first twenty-five thousand dollars ($25,000) of taxable net income;

(b) Four percent (4%) of the amount of taxable net income in excess of twenty-five thousand dollars ($25,000), but not in excess of fifty thousand dollars ($50,000);

(c) Five percent (5%) of the amount of taxable net income in excess of fifty thousand dollars ($50,000), but not in excess of one hundred thousand dollars ($100,000);

(d) Six percent (6%) of the amount of taxable net income in excess of one hundred thousand dollars ($100,000), but not in excess of two hundred fifty thousand dollars ($250,000); and

(e) Seven and twenty-five one hundredths percent (7.25%) of the amount of taxable net income in excess of two hundred fifty thousand dollars ($250,000).

(3) For tax years beginning after December 31, 1989, and before January 1, 2005, the following rates shall apply:

(a) Four percent (4%) of the first twenty-five thousand dollars ($25,000) of taxable net income;

(b) Five percent (5%) of the amount of taxable net income in excess of twenty-five thousand dollars ($25,000) but not in excess of fifty thousand dollars ($50,000);

(c) Six percent (6%) of the amount of taxable net income in excess of fifty thousand dollars ($50,000), but not in excess of one hundred thousand dollars ($100,000);

(d) Seven percent (7%) of the amount of taxable net income in excess of one hundred thousand dollars ($100,000), but not in excess of two hundred fifty thousand dollars ($250,000); and

(e) Eight and twenty-five one hundredths percent (8.25%) of the amount of taxable net income in excess of two hundred fifty thousand dollars ($250,000).

(4) For tax years beginning before January 1, 1990, and ending after December 31, 1989, the tax shall be the sum of the amounts determined in paragraphs (a) and (b) as follows:

(a) Apply the tax rates in subsection (2) of this section to the taxable net income for the year and multiply the result by a fraction, the numerator of which is the number of days from the first day of the taxable year through December 31, 1989, and the denominator of which is the total number of days of the taxable year; and

(b) Apply the tax rates in subsection (3) of this section to the taxable net income for the year and multiply the result by a fraction, the numerator of which is the number of days from January 1, 1990, through the last day of the taxable year and the denominator of which is the total number of days of the taxable year.

(5) For taxable years beginning~~[on or]~~ after ***December 31, 2004, and before*** January 1, ***2007***~~[2005]~~, corporations subject to the tax imposed by this section shall pay the greater of the tax computed under paragraph (a) of this subsection, the tax computed under paragraph (b)1. or 2. of this subsection, or the minimum tax imposed by subsection ***(7)***~~[(6)]~~ of this section. The tax computed under this subsection is as follows:

(a) 1. Four percent (4%) of the first fifty thousand dollars ($50,000) of taxable net income;

2. Five percent (5%) of taxable net income over fifty thousand dollars ($50,000) up to one hundred thousand dollars ($100,000); ***and***

3. Seven percent (7%) of taxable net income over one hundred thousand dollars ($100,000)~~[for taxable years beginning on or after January 1, 2005, and prior to January 1, 2007; and~~

~~4. For taxable years beginning on or after January 1, 2007, six percent (6%) of taxable net income over one hundred thousand dollars ($100,000)]~~; or

(b) An alternative minimum calculation of an amount equal to the lesser of the amount computed under subparagraph 1. or 2. of this paragraph:

1. Nine and one-half cents ($0.095) per one hundred dollars ($100) of the corporation's gross receipts. For purposes of this paragraph, "gross receipts" means the numerator of the sales factor under the provisions of KRS 141.120(8)(c); or

2. Seventy-five cents ($0.75) per one hundred dollars ($100) of the corporation's Kentucky gross profits.

(6) ***For taxable years beginning on or after January 1, 2007, corporations subject to the tax imposed by this section shall pay the greater of the tax computed under paragraph (a) of this subsection, the tax computed under paragraph (b)1. or 2. of***

this subsection, or the minimum tax imposed by subsection (7) of this section. The tax computed under this subsection is as follows:

(a) 1. Four percent (4%) of the first fifty thousand dollars ($50,000) of taxable net income;

2. Five percent (5%) of taxable net income over fifty thousand dollars ($50,000) up to one hundred thousand dollars ($100,000); and

3. Six percent (6%) of taxable net income over one hundred thousand dollars ($100,000); or

(b) An alternative minimum calculation of an amount equal to the lesser of the amount computed under subparagraph 1. or 2. of this paragraph:

1. a. If the corporation's gross receipts from all sources within and without this state are two million dollars ($2,000,000) or less, the alternative minimum calculation shall be zero;

b. If the corporation's gross receipts from all sources within and without this state are greater than two million dollars ($2,000,000) but less than ten million dollars ($10,000,000), the alternative minimum calculation shall be nine and one-half cents ($0.095) per one hundred dollars ($100) of the corporation's gross receipts from doing business in this state, reduced by an amount equal to one thousand nine hundred dollars ($1,900) multiplied by a fraction, the numerator of which is ten million dollars ($10,000,000) less the amount of the corporation's gross receipts from doing business in this state for the taxable year, and the denominator of which is eight million dollars ($8,000,000), but in no case shall the result be less than zero;

c. If the corporation's gross receipts from all sources within and without this state are equal to or greater than ten million dollars ($10,000,000), the alternative minimum calculation shall be nine and one-half cents ($0.095) per one hundred dollars ($100) of the corporation's gross receipts from doing business in this state; or

2. Seventy-five cents ($0.75) per one hundred dollars ($100) of the corporation's Kentucky gross profits. The entire amount of the corporation's gross receipts shall be considered when making the gross profits calculation.

3. For purposes of this paragraph, "gross receipts" means the numerator of the sales factor under the provisions of KRS 141.120(8)(c).

(7) A minimum of one hundred seventy-five dollars ($175) shall be due for the taxable year from each corporation subject to the tax imposed by this section, regardless of the application of any tax credits provided under this chapter or any other provision of the Kentucky Revised Statutes for which the business entity may qualify.

(8)[~~(7)~~] The alternative minimum calculation portion of the tax computation provided in ***subsections***[~~subsection~~] (5) ***and (6)*** of this section shall not apply to:

(a) Public service corporations subject to tax under KRS 136.120;

(b) Open-end registered investment companies organized under the laws of this state and registered under the Investment Company Act of 1940;

(c) Any property or facility which has been certified as a fluidized bed energy production facility as defined in KRS 211.390; and

(d) An alcohol production facility as defined in KRS 247.910.

(9)[~~(8)~~] (a) As used in this subsection, "qualified exempt organization" means an entity listed in subsection (1)(a) to (h) of this section and shall not include any

entity whose exempt status has been disallowed by the Internal Revenue Service.

(b) Notwithstanding any other provisions of this section or KRS 141.010, any corporation of the type listed in KRS 141.010(24)(b) to (h) that is owned in whole or in part by a qualified exempt organization shall, in calculating its taxable net income, gross receipts, or Kentucky gross profits, exclude the proportionate share of its taxable net income, gross receipts, or Kentucky gross profits attributable to the ownership interest of the qualified exempt organization.

(c) Any corporation that reduces taxable net income, gross receipts, or Kentucky gross profits in accordance with paragraph (b) of this subsection shall disregard the ownership interest of the qualified exempt organization in determining the amount of credit available under KRS 141.420.

(d) The Department of Revenue may promulgate an administrative regulation to further define "qualified exempt organization" to include an entity for which exemption is constitutionally or legally required, or to exclude any entity created primarily for tax avoidance purposes with no legitimate business purpose.

(10)[~~(9)~~] (a) To the extent that a corporation identified in KRS 141.010(24)(b) to (h) is doing business in this state, any member, shareholder or partner of the corporation may elect to pay, on behalf of the corporation, his, her or its proportionate share of the tax imposed by this section against the corporation. If an election is made, the electing member, shareholder or partner shall be treated in the same manner as the corporation regarding the proportionate part of the tax paid by the member, shareholder or partner. An election made pursuant to this subsection shall not:

1. Be used by the Department of Revenue or the taxpayer to assert that the party making the election is doing business in Kentucky;
2. Result in an increase of the amount of credit allowable under KRS 141.420; or
3. Apply to any corporation that is required to be included in a consolidated return under KRS 141.200(2) to (5) and (9) to (12).

(b) The Department of Revenue shall prescribe forms and promulgate regulations to execute and administer the provisions of this subsection.

Section 2. KRS 141.011 is amended to read as follows:

(1) Notwithstanding any other provision of this chapter, the net operating loss carryback-carryforward deduction, including casualty loss, allowed under Section 172 of the Internal Revenue Code shall apply only to such losses incurred in taxable years beginning after December 31, 1979, and no such loss shall be carried back to taxable years beginning before January 1, 1980. Any casualty loss carryforward authorized by this section as it existed before January 1, 1980, may be carried forward as an itemized deduction until it has been fully deducted.

(2) The net operating loss carryback deduction shall not be allowed for losses incurred for taxable years beginning on or after January 1, 2005.

(3) For taxable years when the tax due under KRS 141.040 is based on the alternative minimum calculation provided in KRS 141.040~~[(5)(b)]~~, any net operating loss carryforward deduction that is utilized for the taxable year shall be the amount of taxable net income that exceeds the taxable net income equivalent of the alternative minimum calculation. For purposes of this subsection, "taxable net income equivalent" means the taxable net income that would generate an income tax equal to the alternative minimum calculation liability computed under KRS 141.040~~[(5)(b)]~~.

(4) For taxable years beginning on or after January 1, 2005, the net operating loss carryforward deduction of a corporation shall be reduced by the amount of distributive share income, loss, and deduction distributed to an individual or general partnership as defined in KRS 141.206.

(5) The portion of a net operating loss that is not used to offset the income of an affiliate according to the limits in KRS 141.200(11) shall be available for carryforward, subject to the limitations contained in this section.

Section 3. KRS 141.200 is amended to read as follows:

(1) Subsections (2) to (7) of this section shall apply for taxable periods ending before January 1, 2005, and election periods beginning prior to January 1, 2005.

(2) As used in subsections (2) to (7) of this section, unless the context requires otherwise:

(a) "Affiliated group" means affiliated group as defined in Section 1504(a) of the Internal Revenue Code and related regulations;

(b) "Consolidated return" means a Kentucky corporation income tax return filed by members of an affiliated group in accordance with this section. The determinations and computations required by this chapter shall be made in accordance with the provisions of Section 1502 of the Internal Revenue Code and related regulations, except as required by differences between this chapter and the Internal Revenue Code. Corporations exempt from taxation under KRS 141.040 shall not be included in the return;

(c) "Separate return" means a Kentucky corporation income tax return in which only the transactions and activities of a single corporation are considered in making all determinations and computations necessary to calculate taxable net income, tax due, and credits allowed in accordance with the provisions of this chapter;

(d) "Corporation" means "corporation" as defined in Section 7701(a)(3) of the Internal Revenue Code; and

(e) "Election period" means the ninety-six (96) month period provided for in subsection (4)(d) of this section.

(3) Every corporation doing business in this state, except those exempt from taxation under KRS 141.040, shall, for each taxable year, file a separate return unless the corporation was, for any part of the taxable year, a member of an affiliated group electing to file a consolidated return in accordance with subsection (4) of this section.

(4) (a) An affiliated group, whether or not filing a federal consolidated return, may elect to file a consolidated return which includes all members of the affiliated group.

(b) An affiliated group electing to file a consolidated return under paragraph (a) of this subsection shall be treated for all purposes as a single corporation under the provisions of this chapter. All transactions between corporations included in the consolidated return shall be eliminated in computing net income in accordance with KRS 141.010(13), and in determining the property, payroll, and sales factors in accordance with KRS 141.120. The gross receipts received by a public service company that is a member of an affiliated group shall be excluded from the calculation of the alternative minimum calculation under the provisions of KRS 141.040~~[(5)(b)]~~. For purposes of this paragraph, "public service company" has the same meaning as provided in KRS 136.120.

(c) Any election made in accordance with paragraph (a) of this subsection shall be made on a form prescribed by the department and shall be submitted to the department on or before the due date of the return including extensions for the first taxable year for which the election is made.

(d) Notwithstanding subsections (9) to (15) of this section, any election to file a consolidated return pursuant to paragraph (a) of this subsection shall be binding on both the department and the affiliated group for a period beginning with the first month of the first taxable year for which the election is made and ending with the conclusion of the taxable year in which the ninety-sixth consecutive calendar month expires.

(e) For each taxable year for which an affiliated group has made an election in accordance with paragraph (a) of this subsection, the consolidated return shall include all corporations which are members of the affiliated group.

(5) Each corporation included as part of an affiliated group filing a consolidated return shall be jointly and severally liable for the income tax liability computed on the consolidated return, except that any corporation which was not a member of the affiliated group for the entire taxable year shall be jointly and severally liable only for that portion of the Kentucky consolidated income tax liability attributable to that portion of the year that the corporation was a member of the affiliated group.

(6) Every corporation return or report required by this chapter shall be executed by one (1) of the following officers of the corporation: the president, vice president, secretary, treasurer, assistant secretary, assistant treasurer, or chief accounting officer. The Department of Revenue may require a further or supplemental report of further information and data necessary for computation of the tax.

(7) In the case of a corporation doing business in this state that carries on transactions with stockholders or with other corporations related by stock ownership, by interlocking directorates, or by some other method, the department shall require information necessary to make possible accurate assessment of the income derived by the corporation from sources within this state. To make possible such assessment, the department may require the corporation to file supplementary returns showing information respecting the business of any or all individuals and

corporations related by one (1) or more of these methods to the corporation. The department may require the return to show in detail the record of transactions between the corporation and any or all other related corporations or individuals.

(8) Subsections (9) to (14) of this section shall apply for taxable years beginning on or after January 1, 2005.

(9) As used in subsections (9) to (14) of this section:

(a) 1. "Affiliated group" means one (1) or more chains of includible corporations connected through stock ownership, membership interest, or partnership interest with a common parent corporation if:

a. The common parent owns directly an ownership interest meeting the requirements of subparagraph 2. of this paragraph in at least one (1) other includible corporation; and

b. An ownership interest meeting the requirements of subparagraph 2. of this paragraph in each of the includible corporations, excluding the common parent, is owned directly by one (1) or more of the other corporations.

2. The ownership interest of any corporation meets the requirements of this paragraph if the ownership interest encompasses at least eighty percent (80%) of the voting power of all classes of ownership interests and has a value equal to at least eighty percent (80%) of the total value of all ownership interests;

(b) "Common parent corporation" means the member of an affiliated group that meets the ownership requirement of paragraph (a)1. of this subsection;

(c) "Foreign corporation" means a corporation that is organized under the laws of a country other than the United States and is related to a member of an affiliated group through stock ownership;

(d) "Includible corporation" means any corporation that is doing business in this state except:

1. Corporations exempt from corporation income tax under KRS 141.040(1)(a) to (h);
2. Foreign corporations;
3. Corporations with respect to which an election under Section 936 of the Internal Revenue Code is in effect for the taxable year;
4. Real estate investment trusts as defined in Section 856 of the Internal Revenue Code;
5. Regulated investment companies as defined in Section 851 of the Internal Revenue Code;
6. A domestic international sales company as defined in Section 992(a)(1) of the Internal Revenue Code;
7. An S corporation as defined in Section 1361(a) of the Internal Revenue Code;
8. Any corporation that realizes a net operating loss whose Kentucky property, payroll, and sales factors pursuant to KRS 141.120(8) are de minimis; and
9. Any corporation for which the sum of the property, payroll and sales factors described in KRS 141.120(8) is zero;

(e) "Ownership interest" means stock, a membership interest in a limited liability company, or a partnership interest in a limited partnership or limited liability partnership;

(f) "Consolidated return" means a Kentucky corporation income tax return filed by members of an affiliated group in accordance with this section. The determinations and computations required by this chapter shall be made in accordance with the provisions of the Internal Revenue Code and related

regulations, except as required by differences between this chapter and the Internal Revenue Code; and

(g) "Separate return" means a Kentucky corporation income tax return in which only the transactions and activities of a single corporation are considered in making all determinations and computations necessary to calculate taxable net income, tax due, and credits allowed in accordance with the provisions of this chapter.

(10) Every corporation doing business in this state except those exempt from taxation under KRS 141.040(1)(a) to (h) shall, for each taxable year, file a separate return unless the corporation was, for any part of the taxable year:

(a) An includible corporation in an affiliated group;

(b) A common parent corporation doing business in this state;

(c) A qualified subchapter S Subsidiary that is included in the return filed by the Subchapter S parent corporation; or

(d) A qualified real estate investment trust subsidiary that is included in the return filed by the real estate investment trust parent.

(11) (a) An affiliated group, whether or not filing a federal consolidated return, shall file a consolidated return which includes all includible corporations.

(b) An affiliated group required to file a consolidated return under this subsection shall be treated for all purposes as a single corporation under the provisions of this chapter. All transactions between corporations included in the consolidated return shall be eliminated in computing net income in accordance with KRS 141.010(13), and in determining the property, payroll, and sales factors in accordance with KRS 141.120. Includible corporations that have incurred a net operating loss shall not deduct an amount that exceeds, in the aggregate, fifty percent (50%) of the income realized by the remaining includible corporations that did not realize a net operating loss. The

portion of any net operating loss limited by the application of this subsection shall be available for carryforward in accordance with KRS 141.011. The Department of Revenue shall promulgate administrative regulations to establish the manner and extent to which net operating losses attributable to tax periods ending prior to January 1, 2005, may offset income of affiliated groups. The gross receipts received by a public service company that is a member of an affiliated group shall be excluded from the calculation of the alternative minimum calculation under KRS 141.040~~[(5)(b)]~~. For purposes of this paragraph, "public service company" has the same meaning as provided in KRS 136.120.

(12) Each includible corporation included as part of an affiliated group filing a consolidated return shall be jointly and severally liable for the income tax liability computed on the consolidated return, except that any includible corporation which was not a member of the affiliated group for the entire taxable year shall be jointly and severally liable only for that portion of the Kentucky consolidated income tax liability attributable to that portion of the year that the corporation was a member of the affiliated group.

(13) Every corporation return or report required by this chapter shall be executed by one (1) of the following officers or management of the corporation: the president, vice president, secretary, treasurer, assistant secretary, assistant treasurer, chief accounting officer, manager, member, or partner. The Department of Revenue may require a further or supplemental report of further information and data necessary for computation of the tax.

(14) In the case of a corporation doing business in this state that carries on transactions with stockholders, members or partners, or with other corporations related by ownership, by interlocking directorates, or by some other method, the department shall require that information necessary to make possible an accurate assessment of

the income derived by the corporation from sources within this state be provided. To make possible this assessment, the department may require the corporation to file supplementary returns showing information respecting the business of any or all individuals and corporations related by one (1) or more of these methods to the corporation. The department may require the return to show in detail the record of transactions between the corporation and any or all other related corporations or individuals.

(15) For any taxable year ending on or after December 31, 1995, except as provided under this section and KRS 141.205, nothing in this chapter shall be construed as allowing or requiring the filing of:

(a) A combined return under the unitary business concept; or

(b) A consolidated return.

(16) No assessment of additional tax due for any taxable year ending on or before December 31, 1995, made after December 22, 1994, and based on requiring a change from any initially filed separate return or returns to a combined return under the unitary business concept or to a consolidated return, shall be effective or recognized for any purpose.

(17) No claim for refund or credit of a tax overpayment for any taxable year ending on or before December, 31, 1995, made by an amended return or any other method after December 22, 1994, and based on a change from any initially filed separate return or returns to a combined return under the unitary business concept or to a consolidated return, shall be effective or recognized for any purpose.

(18) No corporation or group of corporations shall be allowed to file a combined return under the unitary business concept or a consolidated return for any taxable year ending before December 31, 1995, unless on or before December 22, 1994, the corporation or group of corporations filed an initial or amended return under the

unitary business concept or consolidated return for a taxable year ending before December 22, 1994.

(19) This section shall not be construed to limit or otherwise impair the department's authority under KRS 141.205.

Section 4. KRS 141.347 is amended to read as follows:

(1) As used in this section, unless the context requires otherwise:

(a) "Approved company" shall have the same meaning as set forth in KRS 154.22-010;

(b) "Economic development project" shall have the same meaning as set forth in KRS 154.22-010;

(c) "Tax credit" means the "tax credit" allowed in KRS 154.22-010 to 154.22-070; and

(d) "Gross receipts" means gross receipts as defined in KRS 141.040(5)(b) ***and (6)(b)***.

(2) An approved company shall determine the income tax credit as provided in this section.

(3) An approved company which is an individual sole proprietorship subject to tax under KRS 141.020 or a corporation subject to tax under KRS 141.040(1) shall:

(a) Compute the~~[income]~~ tax due at the applicable tax rates as provided by KRS 141.020 or~~[whichever of KRS]~~ 141.040~~[(5)(a) or (b) applies]~~ on net income as defined by KRS 141.010(11), taxable net income as defined by KRS 141.010(14), gross receipts, or Kentucky gross profits,~~[as the case may be,]~~ including income, gross receipts, or Kentucky gross profits from an economic development project; and

(b) Compute the~~[income]~~ tax due at the applicable tax rates as provided by KRS 141.020 or~~[whichever of KRS]~~ 141.040~~[(5)(a) or (b) applies]~~ on net income as defined by KRS 141.010(11), taxable net income as defined by KRS

141.010(14), gross receipts, or Kentucky gross profits,~~[as the case may be,]~~ excluding net income, gross receipts, or Kentucky gross profits attributable to an economic development project.

(c) The tax credit shall be the amount by which the tax computed under paragraph (a) of this subsection exceeds the tax computed under paragraph (b) of this subsection; however, the credit shall not exceed the limits set forth in KRS 154.22-050.

(4) (a) Notwithstanding any other provisions of this chapter, an approved company which is a general partnership not subject to tax under KRS 141.040 or a trust not subject to tax under KRS 141.040 shall be subject to income tax on the net income attributable to an economic development project at the rates provided in KRS 141.020(2).

(b) The amount of the tax credit shall be the same as the amount of the tax computed in this subsection or, 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 or beneficiaries of the general partnership or trust, and shall be paid on behalf of the partners or beneficiaries.

(c) The tax credit or estimated payment shall not exceed the limits set forth in KRS 154.22-050.

(d) If the tax computed in this section exceeds the credit, the excess shall be paid by the general partnership or trust at the times provided by KRS 141.160 for filing the returns.

(e) Any estimated tax payment made by the general partnership or trust in satisfaction of the tax liability of partners or beneficiaries shall not be treated

as taxable income subject to Kentucky income tax by the partner or beneficiary.

(5) Notwithstanding any other provisions of this chapter, the net income subject to tax, the tax credit, and the estimated tax payment determined under subsection (4) of this section shall be excluded in determining each partner's or beneficiary's distributive share of net income or credit of a general partnership or trust.

(6) If the economic development project is a totally separate facility:

(a) Net income attributable to the project for the purposes of subsections (3), (4), and (5) of this section shall be determined under the separate accounting method reflecting only the gross income, deductions, expenses, gains, and losses allowed under this chapter directly attributable to the facility and overhead expenses apportioned to the facility; and

(b) Gross receipts or Kentucky gross profits attributable to the project for the purposes of subsection (3) of this section shall be determined under the separate accounting method reflecting only the gross receipts or Kentucky gross profits directly attributable to the facility.

(7) If the economic development project is an expansion to a previously existing facility:

(a) Net income attributable to the entire facility shall be determined under the separate accounting method reflecting only the gross income, deductions, expenses, gains, and losses allowed under this chapter directly attributable to the facility, and the net income attributable to the economic development project for the purposes of subsections (3), (4), and (5) of this section shall be determined by apportioning the separate accounting net income of the entire facility to the economic development project by a formula approved by the Department of Revenue; and

(b) Gross receipts or Kentucky gross profits attributable to the entire facility shall be determined under the separate accounting method reflecting only the gross receipts or Kentucky gross profits directly attributable to the facility, and gross receipts or Kentucky gross profits attributable to the economic development project for the purposes of subsection (3) of this section shall be determined by apportioning the separate accounting gross receipts or Kentucky gross profits of the entire facility to the economic development project by a formula approved by the Department of Revenue.

(8) If an approved company can show to the satisfaction of the Department of Revenue that the nature of the operations and activities of the approved company are such that it is not practical to use the separate accounting method to determine the net income, gross receipts, or Kentucky gross profits from the facility at which the economic development project is located, the approved company shall determine net income, gross receipts, or Kentucky gross profits from the economic development project using an alternative method approved by the Department of Revenue.

(9) The Department of Revenue may issue administrative regulations and require the filing of forms designed by the Department of Revenue to reflect the intent of KRS 154.22-020 to 154.22-070 and the allowable income tax credit which an approved company may retain under KRS 154.22-020 to 154.22-070.

Section 5. KRS 141.390 is amended to read as follows:

(1) As used in this section:

(a) "Postconsumer waste" means any product generated by a business or consumer which has served its intended end use, and which has been separated from solid waste for the purposes of collection, recycling, composting, and disposition and which does not include secondary waste material or demolition waste;

(b) "Recycling equipment" means any machinery or apparatus used exclusively to process postconsumer waste material and manufacturing machinery used exclusively to produce finished products composed of substantial postconsumer waste materials;

(c) "Composting equipment" means equipment used in a process by which biological decomposition of organic solid waste is carried out under controlled aerobic conditions, and which stabilizes the organic fraction into a material which can easily and safely be stored, handled, and used in a environmentally acceptable manner;

(d) "Recapture period" means:

1. For qualified equipment with a useful life of five (5) or more years, the period from the date the equipment is purchased to five (5) full years from that date; or

2. For qualified equipment with a useful life of less than five (5) years, the period from the date the equipment is purchased to three (3) full years from that date;

(e) "Useful life" means the period determined under Section 168 of the Internal Revenue Code;

(f) “Baseline tax liability” means the tax liability of the taxpayer for the most recent tax year ending prior to January 1, 2005; and

(g) “Major recycling project” means a project where the taxpayer:

1. Invests more than ten million dollars ($10,000,000) in recycling or composting equipment to be used exclusively in this state;

2. Has more than seven hundred fifty (750) full-time employees with an average hourly wage of more than three hundred percent (300%) of the federal minimum wage; and

3. Has plant and equipment with a total cost of more than five hundred million dollars ($500,000,000).

(2) (a) A taxpayer that purchases recycling or composting equipment to be used exclusively within this state for recycling or composting postconsumer waste materials shall be entitled to a credit against the income taxes imposed pursuant to this chapter, including any tax due under the provisions of KRS 141.040~~[(5)(b)]~~, in an amount equal to fifty percent (50%) of the installed cost of the recycling or composting equipment. The amount of credit claimed in the tax year during which the recycling equipment is purchased shall not exceed ten percent (10%) of the amount of the total credit allowable and shall not exceed twenty-five percent (25%) of the total of each tax liability which would be otherwise due.

(b) For taxable years beginning after December 31, 2004, a taxpayer that has a major recycling project containing recycling or composting equipment to be used exclusively within this state for recycling or composting postconsumer waste material shall be entitled to a credit against the income taxes imposed pursuant to this chapter, including any tax due under the provisions of KRS 141.040~~[(5)(b)]~~, in an amount equal to fifty percent (50%) of the installed cost of the recycling or composting equipment. The credit described in this paragraph shall be limited to a period of ten (10) years commencing with the approval of the recycling credit application. In each taxable year, the amount of credits claimed for all major recycling projects shall be limited to:

1. Fifty percent (50%) of the excess of the total of each tax liability over the baseline tax liability of the taxpayer; or
2. Two million five hundred thousand dollars ($2,500,000), whichever is less.

(c) A taxpayer with one (1) or more major recycling projects shall be entitled to a total credit including the amount computed in paragraph (a) of this subsection plus the amount of credit computed in paragraph (b) of this subsection.

(d) A taxpayer shall not be permitted to utilize a credit computed under paragraph (a) of this subsection and a credit computed under paragraph (b) of this subsection on the same recycling or composting equipment.

(3) Application for a tax credit shall be made to the Department of Revenue on or before the first day of the seventh month following the close of the taxable year in which the recycling or composting equipment is purchased. The application shall include a description of each item of recycling equipment purchased, the date of purchase and the installed cost of the recycling equipment, a statement of where the recycling equipment is to be used, and any other information as the Department of Revenue may require. The Department of Revenue shall review all applications received to determine whether expenditures for which credits are required meet the requirements of this section and shall advise the taxpayer of the amount of credit for which the taxpayer is eligible under this section. Any corporation as defined in KRS 141.010(24)(b) to (h) may elect to claim the balance of a recycling credit approved prior to March 18, 2005, against its tax liability imposed under KRS 141.040. The election shall be binding on the taxpayer and the Department of Revenue until the balance of the recycling credit is used.

(4) Except as provided in subsection (6) of this section, if a taxpayer that receives a tax credit under this section sells, transfers, or otherwise disposes of the qualifying recycling or composting equipment before the end of the recapture period, the tax credit shall be redetermined under subsection (5) of this section. If the total credit taken in prior taxable years exceeds the redetermined credit, the difference shall be added to the taxpayer's tax liability under this chapter for the taxable year in which the sale, transfer, or disposition occurs. If the redetermined credit exceeds the total

credit already taken in prior taxable years, the taxpayer shall be entitled to use the difference to reduce the taxpayer's tax liability under this chapter for the taxable year in which the sale, transfer, or disposition occurs.

(5) The total tax credit allowable under subsection (2) of this section for equipment that is sold, transferred, or otherwise disposed of before the end of the recapture period shall be adjusted as follows:

(a) For equipment with a useful life of five (5) or more years that is sold, transferred, or otherwise disposed of:

1. One (1) year or less after the purchase, no credit shall be allowed.
2. Between one (1) year and two (2) years after the purchase, twenty percent (20%) of the total allowable credit shall be allowed.
3. Between two (2) and three (3) years after the purchase, forty percent (40%) of the total allowable credit shall be allowed.
4. Between three (3) and four (4) years after the purchase, sixty percent (60%) of the total allowable credit shall be allowed.
5. Between four (4) and five (5) years after the purchase, eighty percent (80%) of the total allowable credit shall be allowed.

(b) For equipment with a useful life of less than five (5) years that is sold, transferred, or otherwise disposed of:

1. One (1) year or less after the purchase, no credit shall be allowed.
2. Between one (1) year and two (2) years after the purchase, thirty-three percent (33%) of the total allowable credit shall be allowed.
3. Between two (2) and three (3) years after the purchase, sixty-seven percent (67%) of the total allowable credit shall be allowed.

(6) Subsections (4) and (5) of this section shall not apply to transfers due to death, or transfers due merely to a change in business ownership or organization as long as

the equipment continues to be used exclusively in recycling or composting, or transactions to which Section 381(a) of the Internal Revenue Code applies.

(7) The Department of Revenue may promulgate administrative regulations to carry out the provisions of this section.

Section 6. KRS 141.400 is amended to read as follows:

(1) As used in this section, unless the context requires otherwise:

(a) "Approved company" shall have the same meaning as set forth in KRS 154.28-010;

(b) "Economic development project" shall have the same meaning as set forth in KRS 154.28-010;

(c) "Tax credit" means the "tax credit" allowed in KRS 154.28-090; and

(d) "Gross receipts" means gross receipts as defined in KRS 141.040(5)(b) ***and (6)(b)***.

(2) An approved company shall determine the income tax credit as provided in this section.

(3) An approved company which is an individual sole proprietorship subject to tax under KRS 141.020 or a corporation subject to tax under KRS 141.040(1) shall:

(a) Compute the~~[income]~~ tax due at the applicable tax rates as provided by KRS 141.020 or~~[whichever of KRS]~~ 141.040~~[(5)(a) or (b) applies]~~ on net income as defined by KRS 141.010(11), taxable net income as defined by KRS 141.010(14), gross receipts, or Kentucky gross profits,~~[as the case may be,]~~ including income, gross receipts, or Kentucky gross profits from an economic development project;

(b) Compute the~~[income]~~ tax due at the applicable tax rates as provided by KRS 141.020 or~~[whichever of KRS]~~ 141.040~~[(5)(a) or (b) applies]~~ on net income as defined by KRS 141.010(11), taxable net income as defined by KRS 141.010(14), gross receipts, or Kentucky gross profits,~~[as the case may be,]~~

excluding net income, gross receipts, or Kentucky gross profits attributable to an economic development project; and

(c) The tax credit shall be the amount by which the tax computed under paragraph (a) of this subsection exceeds the tax computed under paragraph (b) of this subsection; however, the credit shall not exceed the limits set forth in KRS 154.28-090.

(4) (a) Notwithstanding any other provisions of this chapter, an approved company which is a general partnership not subject to tax under KRS 141.040, or a trust not subject to tax under KRS 141.040 shall be subject to income tax on the net income attributable to an economic development project at the rates provided in KRS 141.020(2).

(b) The amount of the tax credit shall be the same as the amount of the tax computed in this subsection or, 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 or beneficiaries of the general partnership or trust, and shall be paid on behalf of the partners or beneficiaries.

(c) The tax credit or estimated payment shall not exceed the limits set forth in KRS 154.28-090.

(d) If the tax computed in this section exceeds the credit, the excess shall be paid by the general partnership or trust at the times provided by KRS 141.160 for filing the returns.

(e) Any estimated tax payment made by the general partnership or trust in satisfaction of the tax liability of partners or beneficiaries shall not be treated as taxable income subject to Kentucky income tax by the partner or beneficiary.

(5) Notwithstanding any other provisions of this chapter, the net income subject to tax, the tax credit, and the estimated tax payment determined under subsection (4) of this section shall be excluded in determining each partner's or beneficiary's distributive share of net income or credit of a partnership or trust.

(6) If the economic development project is a totally separate facility:

(a) Net income attributable to the project for the purposes of subsections (3), (4), and (5) of this section shall be determined under the separate accounting method reflecting only the gross income, deductions, expenses, gains, and losses allowed under this chapter directly attributable to the facility and overhead expenses apportioned to the facility; and

(b) Gross receipts or Kentucky gross profits attributable to the project for purposes of subsection (3) of this section shall be determined under the separate accounting method reflecting only the gross receipts or Kentucky gross profits directly attributable to the facility.

(7) If the economic development project is an expansion to a previously existing facility:

(a) Net income attributable to the entire facility shall be determined under the separate accounting method reflecting only the gross income, deductions, expenses, gains, and losses allowed under this chapter directly attributable to the facility and overhead expenses apportioned to the facility, and the net income attributable to the economic development project for the purposes of subsections (3), (4), and (5) of this section shall be determined by apportioning the separate accounting net income of the entire facility to the economic development project by a formula approved by the Department of Revenue; and

(b) Gross receipts or Kentucky gross profits attributable to the entire facility shall be determined under the separate accounting method reflecting only the gross

receipts or Kentucky gross profits directly attributable to the facility, and gross receipts or Kentucky gross profits attributable to the economic development project for the purposes of subsection (3) of this section shall be determined by apportioning the separate accounting gross receipts or Kentucky gross profits of the entire facility to the economic development project by a formula approved by the Department of Revenue.

(8) If an approved company can show to the satisfaction of the Department of Revenue that the nature of the operations and activities of the approved company are such that it is not practical to use the separate accounting method to determine the net income, gross receipts, or Kentucky gross profits from the facility at which the economic development project is located, the approved company shall determine net income, gross receipts, or Kentucky gross profits from the economic development project using an alternative method approved by the Department of Revenue.

(9) The Department of Revenue may issue administrative regulations and require the filing of forms designed by the Department of Revenue to reflect the intent of KRS 154.22-020 to 154.22-070 and KRS 154.28-010 to 154.28-090 and this section and the allowable tax credit which an approved company may retain under KRS 154.22-020 to 154.22-070 and KRS 154.28-010 to 154.28-090 and this section.

Section 7. KRS 141.401 is amended to read as follows:

(1) As used in this section, unless the context requires otherwise:

(a) "Approved company" shall have the same meaning as set forth in KRS 154.23-010;

(b) "Economic development project" shall have the same meaning as set forth in KRS 154.23-010;

(c) "Tax credit" means the "tax credit" allowed under KRS 154.23-005 to 154.23-079; and

(d) "Gross receipts" means gross receipts as defined in KRS 141.040(5)(b) ***and (6)(b)***.

(2) An approved company shall determine the income tax credit as provided in this section.

(3) An approved company that is an individual sole proprietorship subject to tax under KRS 141.020 or a corporation subject to tax under KRS 141.040(1) shall:

(a) Compute the~~[income]~~ tax due at the applicable tax rates as provided by KRS 141.020 or~~[whichever of KRS]~~ 141.040~~[(5)(a) or (b) applies]~~ on net income as defined by KRS 141.010(11), taxable net income as defined by KRS 141.010(14), gross receipts, or Kentucky gross profits,~~[as the case may be,]~~ including income, gross receipts, or Kentucky gross profits from an economic development project; and

(b) Compute the~~[income]~~ tax due at the applicable tax rates as provided by KRS 141.020 or~~[whichever of KRS]~~ 141.040~~[(5)(a) or (b) applies]~~ on net income as defined by KRS 141.010(11), taxable net income as defined by KRS 141.010(14), gross receipts, or Kentucky gross profits,~~[as the case may be,]~~ excluding net income, gross receipts, or Kentucky gross profits attributable to an economic development project.

(c) The tax credit shall be the amount by which the tax computed under paragraph (a) of this subsection exceeds the tax computed under paragraph (b) of this subsection; however, the credit shall not exceed the limits set forth in KRS 154.23-005 to 154.23-079.

(4) Notwithstanding any other provisions of this chapter, an approved company that is a general partnership not subject to the tax imposed by KRS 141.040 or trust not subject to the tax imposed by KRS 141.040 shall be subject to income tax on the net income attributable to an economic development project at the rates provided in KRS 141.020(2), as follows:

(a) The amount of the tax credit shall be the same as the amount of the tax computed in this subsection or, 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 in this paragraph shall be in satisfaction of the tax liability of the partners or beneficiaries of the general partnership or trust, and shall be paid on behalf of the partners or beneficiaries.

(b) The tax credit or estimated payment shall not exceed the limits set forth in KRS 154.23-005 to 154.23-079.

(c) If the tax computed in this section exceeds the credit, the excess shall be paid by the general partnership or trust at the times provided by KRS 141.160 for filing the returns.

(d) Any estimated tax payment made by the general partnership or trust in satisfaction of the tax liability of partners or beneficiaries shall not be treated as taxable income subject to Kentucky income tax by the partner or beneficiary.

(5) Notwithstanding any other provisions of this chapter, the net income subject to tax, the tax credit, and the estimated tax payment determined under subsection (4) of this section shall be excluded in determining each partner's or beneficiary's distributive share of net income or credit of a general partnership or trust.

(6) If the economic development project is a totally separate facility:

(a) Net income attributable to the project for the purposes of subsections (3), (4), and (5) of this section shall be determined under the separate accounting method reflecting only the gross income, deductions, expenses, gains, and losses allowed under this chapter directly attributable to the facility and overhead expenses apportioned to the facility; and

(b) Gross receipts or Kentucky gross profits attributable to the project for the purposes of subsection (3) of this section shall be determined under the separate accounting method reflecting only the gross receipts or Kentucky gross profits directly attributable to the facility.

(7) If the economic development project is an expansion to a previously existing facility:

(a) Net income attributable to the entire facility shall be determined under the separate accounting method reflecting only the gross income, deductions, expenses, gains, and losses allowed under this chapter directly attributable to the facility, and the net income attributable to the economic development project for the purposes of subsections (3), (4), and (5) of this section shall be determined by apportioning the separate accounting net income of the entire facility to the economic development project by a formula approved by the Department of Revenue; and

(b) Gross receipts or Kentucky gross profits attributable to the entire facility shall be determined under the separate accounting method reflecting only the gross receipts or Kentucky gross profits directly attributable to the facility, and gross receipts or Kentucky gross profits attributable to the economic development project for the purposes of subsection (3) of this section shall be determined by apportioning the separate accounting gross receipts or Kentucky gross profits of the entire facility to the economic development project by a formula approved by the Department of Revenue.

(8) If an approved company can show to the satisfaction of the Department of Revenue that the nature of the operations and activities of the approved company are such that it is not practical to use the separate accounting method to determine the net income, gross receipts, or Kentucky gross profits from the facility at which the economic development project is located, the approved company shall determine

net income, gross receipts, or Kentucky gross profits from the economic development project using an alternative method approved by the Department of Revenue.

(9) The Department of Revenue may issue administrative regulations and require the filing of forms designed by the Department of Revenue to reflect the intent of KRS 154.23-005 to 154.23-079 and the allowable income tax credit that an approved company may retain under KRS 154.23-005 to 154.23-079.

Section 8. KRS 141.403 is amended to read as follows:

(1) As used in this section, unless the context requires otherwise:

(a) "Approved company" shall have the same meaning as set forth in KRS 154.26-010;

(b) "Economic revitalization project" shall have the same meaning as set forth in KRS 154.26-010;

(c) "Tax credit" means the tax credit allowed in KRS 154.26-090; and

(d) "Gross receipts" means gross receipts as defined in KRS 141.040(5)(b) ***and (6)(b)***.

(2) An approved company shall determine the income tax credit as provided in this section.

(3) An approved company which is an individual sole proprietorship subject to tax under KRS 141.020 or a corporation subject to tax under KRS 141.040(1) shall:

(a) Compute the~~[income]~~ tax due at the applicable tax rates as provided by KRS 141.020 or~~[whichever of KRS]~~ 141.040~~[(5)(a) or (b) applies]~~ on net income as defined by KRS 141.010(11) or taxable net income as defined by KRS 141.010(14), gross receipts, or Kentucky gross profits,~~[as the case may be,]~~ including income, gross receipts, or Kentucky gross profits from an economic revitalization project;

(b) Compute the~~[income]~~ tax due at the applicable tax rates as provided by KRS 141.020 or~~[whichever of KRS]~~ 141.040~~[(5)(a) or (b) applies]~~ on net income as defined by KRS 141.010(11), taxable net income as defined by KRS 141.010(14), gross receipts, or Kentucky gross profits,~~[as the case may be,]~~ excluding net income, gross receipts, or Kentucky gross profits attributable to an economic revitalization project; and

(c) The tax credit shall be the amount by which the tax computed under paragraph (a) of this subsection exceeds the tax computed under paragraph (b) of this subsection; however, the credit shall not exceed the limits set forth in KRS 154.26-090.

(4) (a) Notwithstanding any other provisions of this chapter, an approved company which is a general partnership not subject to the tax imposed by KRS 141.040 or trust not subject to the tax imposed KRS 141.040 shall be subject to income tax on the net income attributable to an economic revitalization project at the rates provided in KRS 141.020(2).

(b) The amount of the tax credit shall be the same as the amount of the tax computed in this subsection or, 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 or beneficiaries of the general partnership or trust, and shall be paid on behalf of the partners or beneficiaries.

(c) The tax credit or estimated payment shall not exceed the limits set forth in KRS 154.26-090.

(d) If the tax computed in this section exceeds the tax credit, the difference shall be paid by the general partnership or trust at the times provided by KRS 141.160 for filing the returns.

(e) Any estimated tax payment made by the general partnership or trust in satisfaction of the tax liability of partners or beneficiaries shall not be treated as taxable income subject to Kentucky income tax by the partner or beneficiary.

(5) Notwithstanding any other provisions of this chapter, the net income subject to tax, the tax credit, and the estimated tax payment determined under subsection (4) of this section shall be excluded in determining each partner's or beneficiary's distributive share of net income or credit of a general partnership or trust.

(6) If the economic revitalization project is a totally separate facility:

(a) Net income attributable to the project for the purposes of subsections (3), (4), and (5) of this section shall be determined under the separate accounting method reflecting only the gross income, deductions, expenses, gains, and losses allowed under KRS Chapter 141 directly attributable to the facility and overhead expenses apportioned to the facility; and

(b) Gross receipts or Kentucky gross profits attributable to the project for purposes of subsection (3) of this section shall be determined under the separate accounting method reflecting only the gross receipts or Kentucky gross profits directly attributable to the facility.

(7) If the economic revitalization project is an expansion to a previously existing facility:

(a) Net income attributable to the entire facility shall be determined under the separate accounting method reflecting only the gross income, deductions, expenses, gains, and losses allowed under KRS Chapter 141 directly attributable to the facility and overhead expenses apportioned to the facility, and the net income attributable to the economic revitalization project for the purposes of subsections (3), (4), and (5) of this section shall be determined by apportioning the separate accounting net income of the entire facility to the

economic revitalization project by a formula approved by the Department of Revenue; and

(b) Gross receipts or Kentucky gross profits attributable to the entire facility shall be determined under the separate accounting method reflecting only the gross receipts or Kentucky gross profits directly attributable to the facility. Gross receipts or Kentucky gross profits attributable to the economic revitalization project for purposes of subsection (3) of this section shall be determined by apportioning the separate accounting gross receipts or Kentucky gross profits of the entire facility to the economic revitalization project pursuant to a formula approved by the Department of Revenue.

(8) If an approved company can show to the satisfaction of the Department of Revenue that the nature of the operations and activities of the approved company are such that it is not practical to use the separate accounting method to determine the net income, gross receipts, or Kentucky gross profits from the facility at which the economic revitalization project is located, the approved company shall determine net income, gross receipts, or Kentucky gross profits from the economic revitalization project using an alternative method approved by the Department of Revenue.

(9) The Department of Revenue may issue administrative regulations and require the filing of forms designed by the Department of Revenue to reflect the intent of KRS 154.26-010 to 154.26-100 and the allowable income tax credit which an approved company may retain under KRS 154.26-010 to 154.26-100.

Section 9. KRS 141.405 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 154.12-2084;

(b) "Skills training investment credit" has the same meaning as set forth in KRS 154.12-2084; and

(c) "Gross receipts" means gross receipts as defined in KRS 141.040(5)(b) ***and (6)(b)***.

(2) An approved company shall determine the income tax credit as provided in this section.

(3) (a) An approved company which is an individual sole proprietorship subject to tax under KRS 141.020 or a corporation subject to tax under KRS 141.040(1) shall compute the~~[income]~~ tax due at the applicable tax rates as provided by KRS 141.020 or~~[whichever of KRS]~~ 141.040~~[(5)(a) or (b) applies]~~ on net income as defined by KRS 141.010(11), taxable net income as defined by KRS 141.010(14), gross receipts, or Kentucky gross profits~~[, as the case may be]~~;

(b) The amount of the skills training investment credit that the Bluegrass State Skills Corporation has given final approval for under KRS 154.12-2088(6) shall be applied against the amount of the tax computed under paragraph (a) of this subsection; and

(c) The skills training investment credit payment shall not exceed the amount of the final approval awarded by the Bluegrass State Skills Corporation under KRS 154.12-2088(6).

(4) (a) In the case of an approved company which is a general partnership not subject to the tax imposed by KRS 141.040, the amount of the tax credit awarded by the Bluegrass State Skills Corporation in KRS 154.12-2088(6) shall be apportioned among the partners thereof at the same ratio as the partners' distributive shares of income are determined for the tax year during which the final authorization resolution is adopted by the Bluegrass State Skills Corporation in KRS 154.12-2088(6).

(b) The amount of the tax credit apportioned to each partner that may be claimed in any tax year of the partner shall be determined in accordance with KRS 154.12-2086.

(5) (a) In the case of an approved company that is a trust not subject to the tax imposed by KRS 141.040, the amount of the tax credit awarded by the Bluegrass State Skills Corporation in KRS 154.12-2088(6) shall be apportioned to the trust and the beneficiaries on the basis of the income of the trust allocable to each for the tax year during which the final authorizing resolution is adopted by the Bluegrass State Skills Corporation in KRS 154.12-2088(6).

(b) The amount of tax credit apportioned to each trust or beneficiary that may be claimed in any tax year of the trust or beneficiary shall be determined in accordance with KRS 154.12-2086.

(6) The Department of Revenue may promulgate administrative regulations in accordance with KRS Chapter 13A adopting forms and procedures for the reporting of the credit allowed in KRS 154.12-2084 to 154.12-2089.

Section 10. KRS 141.407 is amended to read as follows:

(1) As used in this section, unless the context requires otherwise:

(a) "Approved company" shall have the same meaning as set forth in KRS 154.24-010;

(b) "Economic development project" shall have the same meaning as economic development project as set forth in KRS 154.24-010;

(c) "Tax credit" means the tax credit allowed in KRS 154.24-020 to 154.24-150; and

(d) "Gross receipts" means gross receipts as defined in KRS 141.040(5)(b) ***and (6)(b)***.

(2) An approved company shall determine the tax credit as provided in this section.

(3) An approved company which is an individual sole proprietorship subject to tax under KRS 141.020 or a corporation subject to tax under KRS 141.040(1) shall:

(a) Compute the~~[income]~~ tax due at the applicable tax rates as provided by KRS 141.020 or~~[whichever of KRS]~~ 141.040~~[(5)(a) or (b) applies]~~ on net income as defined by KRS 141.010(11), taxable net income as defined by KRS 141.010(14), gross receipts, or Kentucky gross profits,~~[as the case may be,]~~ including income, gross receipts, or Kentucky gross profits from an economic development project;

(b) Compute the~~[income]~~ tax due at the applicable tax rates as provided by KRS 141.020 or~~[whichever of KRS]~~ 141.040~~[(5)(a) or (b) applies]~~ on net income as defined by KRS 141.010(11), taxable net income as defined by KRS 141.010(14), gross receipts, or Kentucky gross profits,~~[as the case may be,]~~ excluding net income, gross receipts, or Kentucky gross profits attributable to an economic development project; and

(c) The tax credit shall be the amount by which the tax computed under paragraph (a) of this subsection exceeds the tax computed under paragraph (b) of this subsection; however, the credit shall not exceed the limits set forth in KRS 154.24-020 to 154.24-150.

(4) (a) Notwithstanding any other provisions of this chapter, an approved company which is a general partnership not subject to the tax imposed by KRS 141.040 or a trust not subject to the tax imposed by KRS 141.040 shall be subject to income tax on the net income attributable to an economic development project at the rates provided in KRS 141.020(2).

(b) The amount of the tax credit shall be the same as the amount of the tax computed in this subsection or, 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 or beneficiaries of the general partnership or trust, and shall be paid on behalf of the partners or beneficiaries.

(c) The tax credit or estimated payment shall not exceed the limits set forth in KRS 154.24-020 to 154.24-150.

(d) If the tax computed herein exceeds the credit, the excess shall be paid by the general partnership or trust at the times provided by KRS 141.160 for filing the returns.

(e) Any estimated tax payment made by the general partnership or trust in satisfaction of the tax liability of partners or beneficiaries shall not be treated as taxable income subject to Kentucky income tax by the partner or beneficiary.

(5) Notwithstanding any other provisions of this chapter, the net income subject to tax, the tax credit, and the estimated tax payment determined under subsection (4) of this section shall be excluded in determining each partner's or beneficiary's distributive share of net income or credit of a general partnership or trust.

(6) If the economic development project is a totally separate facility:

(a) Net income attributable to the project for the purposes of subsections (3), (4), and (5) of this section shall be determined under the separate accounting method reflecting only the gross income, deductions, expenses, gains, and losses allowed under KRS Chapter 141 directly attributable to the facility and overhead expenses apportioned to the facility; and

(b) Gross receipts or Kentucky gross profits attributable to the project for the purposes of subsection (3) of this section shall be determined under the separate accounting method reflecting only the gross receipts or Kentucky gross profits directly attributable to the facility.

(7) If the economic development project is an expansion to a previously existing facility:

(a) Net income attributable to the entire facility shall be determined under the separate accounting method reflecting only the gross income, deductions, expenses, gains, and losses allowed under KRS Chapter 141 directly attributable to the facility and overhead expenses apportioned to the facility, and the net income attributable to the economic development project for the purposes of subsections (3), (4), and (5) of this section shall be determined by apportioning the separate accounting net income of the entire facility to the economic development project by a formula approved by the Department of Revenue; and

(b) Gross receipts or Kentucky gross profits attributable to the entire facility shall be determined under the separate accounting method reflecting only the gross receipts or Kentucky gross profits directly attributable to the facility, and gross receipts or Kentucky gross profits attributable to the economic development project for the purposes of subsection (3) of this section shall be determined by apportioning the separate accounting gross receipts or Kentucky gross profits of the entire facility to the economic development project by a formula approved by the Department of Revenue.

(8) If an approved company can show to the satisfaction of the Department of Revenue that the nature of the operations and activities of the approved company are such that it is not practical to use the separate accounting method to determine the net income, gross receipts, or Kentucky gross profits from the facility at which the economic development project is located, the approved company shall determine net income, gross receipts, or Kentucky gross profits from the economic development project using an alternative method approved by the Department of Revenue.

(9) The Department of Revenue may promulgate administrative regulations and require the filing of forms designed by the Department of Revenue to reflect the intent of KRS 154.24-010 to 154.24-150 and the allowable income tax credit which an approved company may retain under KRS 154.24-010 to 154.24-150.

Section 11. KRS 141.410 is amended to read as follows:

As used in KRS 141.410 to 141.414, unless the context requires otherwise:

(1) "Approved costs" means the costs incurred during the taxable year by a qualified farming operation for training and improving the skills of managers and employees involved in a networking project.

(2) "Business network" means a formalized, collaborative mechanism organized by and operating among three (3) or more qualified farming operations, industrial entities, business enterprises, or private sector firms for the purposes of, but not limited to: pooling expertise; improving responses to changing technology or markets; lowering the risks to individual entities of accelerated modernization; encouraging new technology investments, new market development, and employee skills improvement; and developing a system of collective intelligence among participating entities.

(3) "Food producing facilities" means establishments that manufacture or process foods and beverages for human consumption, and which are included under the three (3) digit NAICS code three hundred eleven (311).

(4) "Networking project" means a project by which farmers and other entities involved in the production of food join together to form a network approved by the Cabinet for Economic Development for the purpose of producing or expanding the production of crops or livestock necessary for the establishment or expansion of secondary food-producing facilities in Kentucky.

(5) "Qualified farming operation" means an individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, or

institution, engaged in farming in Kentucky that provides raw materials for food-producing facilities in Kentucky, and that purchases new buildings or equipment, or that incurs training expenses, to support its participation in a networking project.

(6) "NAICS code" means the classification system grouping business operations or enterprises as published in the North American Industry Classification System United States Manual published by Convergence Working Group and the United States Office of Management and Budget, 2002 edition.

(7) "Gross receipts" means gross receipts as defined in KRS 141.040(5)(b) ***or (6)(b)***.

Section 12. KRS 141.414 is amended to read as follows:

(1) A qualified farming operation which is an individual sole proprietorship subject to tax under KRS 141.020 or a corporation subject to tax under KRS 141.040~~[(1)]~~ shall:

(a) Compute the~~[income]~~ tax due at the applicable tax rates as provided by KRS 141.020 or~~[whichever of KRS]~~ 141.040~~[(5)(a) or (b) applies]~~ on net income as defined by KRS 141.010(11), taxable net income as defined by KRS 141.010(14), gross receipts, or Kentucky gross profits,~~[as the case may be,]~~ including income, gross receipts, or Kentucky gross profits from the qualified farming operation's participation in a networking project.

(b) Compute the~~[income]~~ tax due at the applicable tax rates as provided by KRS 141.020 or~~[whichever of KRS]~~ 141.040~~[(5)(a) or (b) applies]~~ on net income as defined by KRS 141.010(11), taxable net income as defined by KRS 141.010(14), gross receipts, or Kentucky gross profits,~~[as the case may be,]~~ excluding net income, gross receipts, or Kentucky gross profits attributable to the qualified farming operation's participation in a networking project; and

(c) Be entitled to a tax credit in the amount by which the tax computed under paragraph (a) of this subsection exceeds the tax computed under paragraph (b)

of this subsection. The credit shall not exceed the farming operation's approved costs, as defined in KRS 141.410.

(2) Notwithstanding any other provisions of this chapter, a qualified farming operation which is a general partnership not subject to the tax imposed by KRS 141.040 or trust not subject to the tax imposed by KRS 141.040 shall be subject to income tax on the net income attributable to its participation in a networking project at the rates provided in KRS 141.020(2), and the amount of the tax credit shall be the same as the amount of the tax computed in this subsection. The credit shall not exceed the farming operation's approved costs, as defined in KRS 141.410. If the tax computed in this subsection exceeds the tax credit, the difference shall be paid by the general partnership or trust at the times provided by KRS 141.160 for filing the returns.

(3) Notwithstanding any other provisions of this chapter, the net income subject to tax and the tax credit determined under subsection (2) of this section shall be excluded in determining each partner's or beneficiary's distributive share of net income or credit of a partnership or trust.

(4) If the networking entity is a separate facility:

(a) Net income attributable to the project for the purposes of subsections (1), (2), and (3) of this section shall be determined under the separate accounting method reflecting only the gross income, deductions, expenses, gains, and losses allowed under KRS Chapter 141 directly attributable to the project and overhead expenses apportioned to the facility; and

(b) Gross receipts or Kentucky gross profits attributable to the project for the purposes of subsection (1) of this section shall be determined under the separate accounting method reflecting only the gross receipts or Kentucky gross profits directly attributable to the facility.

(5) If the networking project is an expansion to a previously existing farming operation:

(a) Net income attributable to the entire operation shall be determined under the separate accounting method reflecting only the gross income, deductions, expenses, gains, and losses allowed under this chapter directly attributable to the farming operation's participation in the networking project and overhead expenses apportioned to the networking project, and the net income attributable to the networking project for the purposes of subsections (1), (2), and (3) of this section shall be determined by apportioning the separate accounting net income of the entire networking project to the networking project by a formula approved by the Department of Revenue; and

(b) Gross receipts or Kentucky gross profits attributable to the entire facility shall be determined under the separate accounting method reflecting only the gross receipts or Kentucky gross profits directly attributable to the facility, and gross receipts or Kentucky gross profits attributable to the economic development project for the purposes of subsection (1) of this section shall be determined by apportioning the separate accounting gross receipts or Kentucky gross profits of the entire facility to the economic development project by a formula approved by the Department of Revenue.

(6) If an approved company can show to the satisfaction of the Department of Revenue that the nature of the operations and activities of the approved farming operation are such that it is not practical to use the separate accounting method to determine the net income, gross receipts, or Kentucky gross profits from the networking project, the approved farming operation shall determine net income, gross receipts, or Kentucky gross profits from its participation in the networking project using an alternative method approved by the Department of Revenue.

(7) The Department of Revenue may promulgate administrative regulations pursuant to KRS Chapter 13A and require the filing of forms designed by the Department of Revenue necessary to effectuate KRS 141.0101 and KRS 141.410 to 141.414 and

the allowable income tax credit which an approved farming operation may retain under the provisions of KRS 141.412 and this section.

Section 13. KRS 141.415 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 154.34-010;

(b) "Reinvestment project" has the same meaning as set forth in KRS 154.34-010;

(c) "Tax credit" means the tax credit allowed in KRS 154.34-080; and

(d) "Gross receipts" means gross receipts as defined in KRS 141.040(5)(b) ***and (6)(b)***.

(2) An approved company shall determine the income tax credit as provided in this section.

(3) An approved company which is an individual sole proprietorship subject to tax under KRS 141.020 or a corporation subject to tax under KRS 141.040(1) shall:

(a) Compute the~~[income]~~ tax due at the applicable tax rates as provided by KRS 141.020 or~~[whichever of KRS]~~ 141.040~~[(5)(a) or (b) applies]~~ on net income as defined by KRS 141.010(11), taxable net income as defined by KRS 141.010(14), gross receipts, or Kentucky gross profits,~~[as the case may be,]~~ including income, gross receipts, or Kentucky gross profits from a reinvestment project;

(b) Compute the~~[income]~~ tax due at the applicable tax rates as provided by KRS 141.020 or~~[whichever of KRS]~~ 141.040~~[(5)(a) or (b) applies]~~ on net income as defined by KRS 141.010(11), taxable net income as defined by KRS 141.010(14), gross receipts, or Kentucky gross profits,~~[as the case may be,]~~ excluding net income, gross receipts, or Kentucky gross profits attributable to a reinvestment project; and

(c) The tax credit shall be the amount by which the tax computed under paragraph (a) of this subsection exceeds the tax computed under paragraph (b)

of this subsection; however, the credit shall not exceed the limits set forth in KRS 154.34-080.

(4) (a) Notwithstanding any other provisions of this chapter, an approved company which is a general partnership not subject to the tax imposed by KRS 141.040 or trust not subject to the tax imposed by KRS 141.040 shall be subject to income tax on the net income attributable to a reinvestment project at the rates provided in KRS 141.020(2).

(b) The amount of the tax credit shall be the same as the amount of the tax computed in this subsection or, 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 or beneficiaries of the general partnership or trust, and shall be paid on behalf of the partners or beneficiaries.

(c) The tax credit or estimated payment shall not exceed the limits set forth in KRS 154.34-080.

(d) If the tax computed in this section exceeds the tax credit, the difference shall be paid by the general partnership or trust at the times provided by KRS 141.160 for filing the returns.

(e) Any estimated tax payment made by the general partnership or trust in satisfaction of the tax liability of partners or beneficiaries shall not be treated as taxable income subject to Kentucky income tax by the partner or beneficiary.

(5) Notwithstanding any other provisions of this chapter, the net income subject to tax, the tax credit, and the estimated tax payment determined under subsection (4) of this section shall be excluded in determining each partner's or beneficiary's distributive share of net income or credit of a general partnership or trust.

(6) If the reinvestment project is a totally separate facility:

(a) Net income attributable to the project for the purposes of subsections (3), (4), and (5) of this section shall be determined under the separate accounting method reflecting only the gross income, deductions, expenses, gains, and losses allowed under KRS Chapter 141 directly attributable to the facility and overhead expenses apportioned to the facility; and

(b) Gross receipts or Kentucky gross profits attributable to the project for the purposes of subsection (3) of this section shall be determined under the separate accounting method reflecting only the gross receipts or Kentucky gross profits directly attributable to the facility.

(7) If the reinvestment project is an expansion to a previously existing facility:

(a) Net income attributable to the entire facility shall be determined under the separate accounting method reflecting only the gross income, deductions, expenses, gains, and losses allowed under KRS Chapter 141 directly attributable to the facility and overhead expenses apportioned to the facility, and the net income attributable to the reinvestment project for the purposes of subsections (3), (4), and (5) of this section shall be determined by apportioning the separate accounting net income of the entire facility to the reinvestment project by a formula approved by the Department of Revenue; and

(b) Gross receipts or Kentucky gross profits attributable to the entire facility shall be determined under the separate accounting method reflecting only the gross receipts or Kentucky gross profits directly attributable to the facility, and gross receipts or Kentucky gross profits attributable to the economic development project for the purposes of subsection (3) of this section shall be determined by apportioning the separate accounting gross receipts or

Kentucky gross profits of the entire facility to the economic development project by a formula approved by the Department of Revenue.

(8) If an approved company can show to the satisfaction of the Department of Revenue that the nature of the operations and activities of the approved company are such that it is not practical to use the separate accounting method to determine the net income or gross receipts from the facility at which the reinvestment project is located, the approved company shall determine net income or gross receipts from the reinvestment project using an alternative method approved by the Department of Revenue.

(9) The Department of Revenue may issue administrative regulations and require the filing of forms designed by the Department of Revenue to reflect the intent of KRS 154.34-010 to 154.34-100 and the allowable income tax credit which an approved company may retain under KRS 154.34-010 to 154.34-100.

Section 14. KRS 141.420 is amended to read as follows:

(1) (a) Every corporation identified in KRS 141.010(24)(b) to (h) that is 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 applicable federal return with the form prescribed and furnished by the department.

(b) For a corporation filing a return under paragraph (a) of this subsection, the individual partner's, member's, or shareholder's distributive share of net income, gain, loss, or deduction shall be computed as nearly as practicable in a manner identical to that required for federal income tax purposes except to the extent required by differences between this chapter and the federal income tax law and regulations.

(2) (a) Resident individuals who are members, partners, or shareholders of a corporation required to file a return under subsection (1)(a) of this section

shall report and pay tax on the distributive share of net income, gain, loss, or deduction as determined in subsection (1)(b) of this section.

(b) Nonresident individuals who are members, partners, or shareholders of a corporation required to file a return under subsection (1)(a) of this section shall report and pay tax on the distributive share of net income, gain, loss, or deduction as determined in subsection (1)(b) of this section multiplied by the apportionment fraction in KRS 141.120(8).

(3) (a) Resident and nonresident individuals who are members, shareholders, or partners of a corporation required to file a return under paragraph (a) of subsection (1) of this section shall be entitled to a nonrefundable credit against the tax imposed under KRS 141.020.

(b) The credit determined under this subsection shall be the member's, shareholder's, or partner's proportionate share of the tax due from the corporation as determined under KRS 141.040, before the application of any credits identified in KRS 141.0205(4) and reduced by the required minimum imposed by KRS 141.040*(7)*[~~(6)~~].

(c) Notwithstanding the provisions of paragraph (a) of this subsection, for taxable years beginning after December 31, 2004, and before January 1, 2007, the portion of the credit computed under paragraph (b) of this subsection that exceeds the credit that would have been utilized if the corporation's income were taxed at the rates in KRS 141.020 shall be refundable. The refundable portion of the credit shall be the individual member's, shareholder's, or partner's proportionate share of the amount computed by multiplying the amount the corporation's income exceeds two hundred sixteen thousand six hundred dollars ($216,600) by one percent (1%).

(d) The credit determined under paragraphs (a) and (b) of this subsection shall not operate to reduce the member's, shareholder's, or partner's tax due to an

amount that is less than what would have been payable were the income attributable to doing business in this state by the corporation ignored.

(4) For purposes of computing the basis of an ownership interest or stock in a corporation identified in KRS 141.010(24)(b) to (h), the basis attributable to a member, partner, or shareholder shall be adjusted by the distributive share of the items of net income, gain, loss and deduction as though the items had been passed through to the member, partner, or shareholder.

(5) Except as otherwise provided in this chapter, distributions by or from a corporation shall be treated in the same manner as they are treated for federal tax purposes.

PART XIV

SALES AND USE TAX

Notwithstanding KRS 48.310, the following statutes are created or amended to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

SECTION 1. A NEW SECTION OF KRS CHAPTER 139 IS CREATED TO READ AS FOLLOWS:

(1) The county clerk shall collect any applicable sales and use tax for the following tangible personal property purchased out of state at the time the property is offered for titling or first registration:

(a) Recreational vehicles as defined in KRS 186.650;

(b) Manufactured homes as defined in KRS 186.650;

(c) Motorboats as defined in KRS 235.010;

(d) Vessels as defined in KRS 235.010; and

(e) Any other tangible personal property offered for titling or first registration in Kentucky.

(2) The tax shall be collected unless the owner:

(a) Presents a tax receipt from the seller verifying that the tax has been previously paid;

(b) Demonstrates that the transfer of the property is exempt under KRS 139.470(4); or

(c) Provides a properly executed resale certificate or certificate of exemption in accordance with KRS 139.270.

(3) The tax collected by the county clerk shall be reported and remitted to the department on forms provided by the department.

(4) For services provided in collecting the tax, the county clerk shall deduct a fee of three percent (3%) of the tax collected and remit the balance to the department as provided in Section 2 of this Part.

Section 2. KRS 138.464 is amended to read as follows:

The county clerk shall report each Monday to the Department of Revenue all moneys collected during the previous week, together with a duplicate of all receipts issued by him during the same period. The clerk shall deposit motor vehicle usage tax ***and sales and use tax*** collections not later than the next business day following receipt in a Commonwealth of Kentucky, Department of Revenue account in a bank designated as a depository for state funds. The clerk may be required to then cause the funds to be transferred from the local depository bank to the State Treasury in whatever manner and at times prescribed by the commissioner of the Department of Revenue or his designee. Failure to forward duplicates of all receipts issued during the reporting period or failure to file the weekly report of moneys collected shall subject the clerk to a penalty of two and one-half percent (2.5%) of the amount of moneys collected during the reporting period for each month or fraction thereof until the documents are filed. Failure to deposit or, if required, transfer collections as required above shall subject the clerk to a penalty of two and one-half percent (2.5%) of the amount not deposited or, if required, not transferred for each day until the collections are deposited or transferred as required

above. The penalty for failure to deposit or transfer money collected shall not be less than fifty dollars ($50) nor more than five hundred dollars ($500) per day. The penalties provided in this section shall not apply if the failure of the clerk is due to reasonable cause. The department may in its discretion grant a county clerk a reasonable extension of time to file his report or make any transfer of deposits as required above. The extension, however, must be requested prior to the end of the seven (7) day period and shall begin to run at the end of said period. All penalties collected under this provision shall be paid into the State Treasury as a part of the revenue collected under KRS 138.450 to 138.729 ***and Section 1 of this Part***.

Section 3. KRS 186.655 is amended to read as follows:

(1) Before any owner or operator of a trailer, semitrailer, or recreational vehicle may operate upon the highways, the owner shall apply for registration to the county clerk of the county in which he resides or in which the vehicles are principally operated. The application shall be retained by the clerk and shall be accompanied by:

(a) A manufacturer's certificate of origin, if the application is for the registration of a new trailer, semitrailer, or recreational vehicle;

(b) The owner's registration receipt, if the trailer, semitrailer, or recreational vehicle was last registered in this state;

(c) A bill of sale and the previous registration receipt, if last registered in another state that does not require the owner of a trailer, semitrailer, or recreational vehicle to obtain a certificate of title or ownership;

(d) A certificate of title, if last registered in another state that requires the owner of a trailer, semitrailer, or recreational vehicle to obtain a certificate of title or ownership;

(e) An affidavit from the owner of a trailer, semitrailer, or recreational vehicle assembled or constructed for his personal use on the highways; or

(f) An affidavit from the owner of a trailer, semitrailer, or recreational vehicle where the bill of sale for the vehicle has been lost, destroyed, or stolen.

(2) The affidavit required in paragraph (e) of subsection (1) of this section shall contain the owner's name, address, date, brief description, and a statement that the trailer was constructed by the owner for use on the highways and additional information the cabinet may require by administrative regulation promulgated pursuant to KRS Chapter 13A.

(3) The affidavit required in paragraph (f) of subsection (1) of this section shall contain the owner's name, address, date, make, year made, serial or identification number, name of the person from whom purchased, date of purchase, a statement that the person making the affidavit is the sole owner, the circumstances under which the bill of sale was lost, destroyed, or stolen, and additional information the cabinet may require by administrative regulation promulgated pursuant to KRS Chapter 13A.

(4) After initial registration of his vehicles in this state, the owner shall register his trailer, semitrailer, or recreational vehicle on or before April 1 of each year. Registration with the clerk shall be deemed to be registration with the cabinet.

~~[(5) A county clerk or other officer shall not issue license tags to the owner of a recreational vehicle when it is offered for registration in this state, unless the owner presents a tax receipt from the seller verifying that the Kentucky sales tax has been paid. If the owner is unable to present evidence of payment of tax, he shall furnish to the clerk a bill of sale indicating the purchase price of the recreational vehicle on which price the sales tax shall be assessed. If he cannot furnish a bill of sale indicating the purchase price, the clerk shall assess the value in accordance with information prescribed by the Department of Revenue. The clerk shall collect the tax, deduct a fee of five percent (5%) of the amount collected and remit the balance to the Department of Revenue.]~~

Section 4. The provisions of this Part shall be effective January 1, 2007.

PART XV

APPORTIONED VEHICLES

Notwithstanding KRS 48.310, the following statutes are created or amended to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

SECTION 1. A NEW SECTION OF KRS CHAPTER 132 IS CREATED TO READ AS FOLLOWS:

(1) There shall be exempt from ad valorem tax for state and local purposes trucks, tractors, and buses used on routes or in systems that are partly within and partly outside Kentucky, and that are subject to the fee imposed by Section 2 of this Part.

(2) There shall be exempt from ad valorem tax for state and local purposes semitrailers as defined in KRS 189.010(12) and trailers as defined in KRS 189.010(17) that are used on a route or in a system that is partly within and partly outside Kentucky. Semitrailers or trailers required to be registered under KRS 186.655 that are used only in Kentucky shall be subject to the ad valorem tax imposed by KRS 132.487.

SECTION 2. A NEW SECTION OF KRS CHAPTER 136 IS CREATED TO READ AS FOLLOWS:

(1) Notwithstanding KRS 132.487, any truck, tractor, or bus which is operated on a route or as part of a system that is partly within and partly outside Kentucky shall be subject to an annual fee at the time the vehicle is registered with and the registration fee is paid to the Transportation Cabinet pursuant to KRS 186.020 and KRS 186.050(3) and (13). The fee shall be imposed on the vehicle's owner or the owner's legal designee as of January 1 of each year. Such payment shall be made to the Transportation Cabinet either directly, in the case of a vehicle based

in Kentucky, or indirectly, through the International Registration Plan, in the case of a vehicle based outside of Kentucky.

(2) The fee imposed by subsection (1) of this section replaces the state and local ad valorem property tax the Department of Revenue previously imposed and centrally collected against trucks, tractors, and buses operated on a route or as part of a system that is partly within and partly outside Kentucky. The fee imposed by subsection (1) of this section shall not be construed as a fee imposed upon the registration, operation, or use of the vehicles on public highways. The Department of Revenue shall use the following method for determining the rate for fixing the assessed value of the property and for determining the annual fee amount:

(a) The Department of Revenue shall determine the assessed value on an annual basis by multiplying the purchase price of the truck, tractor, or bus by a depreciation value expressed as a percentage of the original cost from an authoritative source that the Department of Revenue prescribes by promulgation of an administrative regulation;

(b) The Department of Revenue shall determine an aggregate state and local rate on an annual basis. The state rate shall be the weighted average commercial and industrial tangible personal property tax rate, and the local rate shall be determined using the method set forth in KRS 136.180(3) and (4);

(c) The Department of Revenue shall determine the amount subject to the annual fee by multiplying the total assessed value of all vehicles by an apportionment factor. The apportionment factor shall be determined as provided in KRS 186.050(13)(a); and

(d) The annual fee shall be determined by multiplying the amount subject to the annual fee by the rate determined in paragraph (b) of this subsection.

The Department of Revenue shall provide the Transportation Cabinet with the information needed to collect the fee.

(3) The Transportation Cabinet shall forward the money it collects from the fee imposed by subsection (1) of this section to the Department of Revenue on a monthly basis. The Department of Revenue shall divide and distribute the money among the state, counties, cities, urban-counties, charter counties, consolidated local governments, school districts, and special taxing districts in the same manner as the Department of Revenue divided and distributed the state and local ad valorem property tax previously imposed and centrally collected.

(4) Pick-up and delivery vehicles operating from a terminal within this state and vehicles that do not leave the state in the normal course of business shall not be required to pay the fee imposed by subsection (1) of this section, but shall instead be subject to the ad valorem tax under KRS 132.487.

(5) Any person paying the fee imposed by subsection (1) of this section shall have forty-five (45) days from the date the person is notified of the fee amount to protest. The protest shall be filed with the Commonwealth of Kentucky, Department of Revenue, in accordance with the provisions of KRS 131.110. Notification by any state's or Canadian province's or territory's registration authority of the amount due shall satisfy the notification requirement of KRS 131.110(1).

(6) No protest or appeal shall delay the collection or payment of the fee imposed by subsection (1) of this section. The fee amount due as determined in subsection (2) of this section shall be paid at the time of registration. If the fee is not paid, the Commonwealth of Kentucky, Transportation Cabinet shall not register the vehicle for which registration is sought. Persons registering vehicles in other states or Canada shall be subject to requirements of those registration authorities.

Section 3. KRS 136.1873 is amended to read as follows:

The provisions of this section shall apply to assessments made prior to January 1, 2007.

(1) Notwithstanding the provisions of KRS 132.487, trucks, trailers, tractors, semitrailers, and buses of any person, corporation, partnership, or any other business association whose route or system is partly within this state and partly within another state or states, shall be assessed by the Department of Revenue for purposes of taxation as of January 1 each year.

(2) The proportion of miles operated in this state compared to the total miles operated everywhere shall be considered in fixing the value of the property for taxation. Other reasonable evidence shall be considered in fixing the value. However, pick-up and delivery vehicles operating from a terminal within this state or vehicles which do not leave this state in the normal course of business shall not be valued on an apportioned basis.

Section 4. KRS 136.1875 is amended to read as follows:

On or before April 15, 1991, and ***prior to January 1, 2007***~~[each year thereafter]~~, each person, corporation, partnership, or other business association owning or operating trucks, tractors, trailers, semitrailers, and buses whose route or system is partly within this state and partly within another state or states, shall on forms provided by the Department of Revenue provide the department with a detailed description of all its vehicles operating within this state along with the necessary mileage data to be used in apportioning the value ***on an annual basis***.

Section 5. KRS 136.1877 is amended to read as follows:

The provisions of this section shall apply to assessments made prior to January 1, 2007.

(1) The Department of Revenue shall immediately, after fixing the assessed value of the trucks, tractors, trailers, semitrailers, and buses, notify the taxpayer of the

valuation determined. Any taxpayer who has been assessed by the department in the manner outlined in KRS 136.1873 shall have forty-five (45) days from the date of the department's notice of the tentative assessment to protest as provided by KRS 131.110.

(2) No appeal shall delay the collection or payment of taxes based upon the assessment in controversy. The taxpayer shall pay all state, county, and district taxes due on the valuation which the taxpayer claims as the true value as stated in the protest filed under KRS 131.110. When the valuation is finally determined upon appeal, the taxpayer shall be billed for any additional tax and interest at the tax interest rate as defined in KRS 131.010(6), from the date the tax would have become due if no appeal had been taken. The provisions of KRS 134.390 shall apply to the tax bill.

(3) The state and local taxes on the property are due forty-five (45) days from the date of notice and shall be collected directly by the Department of Revenue.

(4) The Department of Revenue shall annually calculate an aggregate local rate to be used in determining the local taxes to be collected. The rate shall be the statewide average motor vehicle tax rate for each type of local taxing district multiplied by a fraction, the numerator of which is the commercial and industrial tangible personal property assessment subject to full local rates and the denominator of which is the total commercial and industrial tangible personal property assessment.

(5) The local taxes collected by the Department of Revenue shall be distributed to each local taxing district levying a tax on motor vehicles based on the statewide average rate for each type of local taxing district. However, prior to distribution any fees owed to the Department of Revenue by any local taxing district under the provisions of KRS 136.180(6) shall be deducted.

Section 6. The provisions of this Part take effect on January 1, 2007.

PART XVI

ADMINISTRATIVE OFFSETS FOR DELINQUENT TAXES

AND LIQUIDATED DEBTS

Notwithstanding KRS 48.310, the following statutes are created or amended to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

Section 1. KRS 44.030 is amended to read as follows:

(1) No money shall be paid to any person on a claim against the state in his own right, or as an assignee of another, when ***the person***~~[he]~~ or ***the person's***~~[his]~~ assignor is indebted to the state ***or any county, city, urban-county government, consolidated local government, or charter county government duly organized in this state***. The claim, to the extent it is allowed, shall ***first*** be credited to the account of the person so indebted ***to the state***, and if there is any balance due ***the person***~~[him]~~ after settling the whole demand of the state***, any certified liquidated debts of any county, city, urban-county government, consolidated local government, or charter county government of this state shall be paid. If there is any balance due the person after settling the whole demand of the state, counties, cities, urban-county governments, consolidated local governments, or charter county governments, and if there are not liquidated debts certified against the claim pursuant to Section 2 of this Part,*** that balance shall be paid to ***the person***~~[him]~~.

(2) ***In case of multiple claims by state agencies the claims shall be paid as follows:***

(a) First, to any claim made by the Cabinet for Health and Family Services for past due child support obligations;

(b) Second, to any claim filed by the Finance and Administration Cabinet, Department of Revenue for taxes owed the Commonwealth; and

(c) Third, to all other state agencies in the order that the claims were filed with the Treasury.

(3) In the case of multiple claims filed by any county, city, urban-county government, consolidated local government, or charter county government duly organized in

this state, the claims shall be paid in the order that the claims were filed with the Treasury.

(4) The Finance and Administration Cabinet shall provide the Cabinet for Health and Family Services with a quarterly report of all tort claims made against the state by individuals that the Cabinet for Health and Family Services shall compare with the child support database to match individuals who have a child support arrearage and may receive a settlement from the state.

(5)[~~(3)~~] Each organizational unit and administrative body in the executive branch of state government, as defined in KRS 12.010, and the Court of Justice in the judicial branch of state government shall provide information to the State Treasurer concerning any debt it has referred to the Department of Revenue for collection under KRS 45.241.

(6)[~~(4)~~] Each agency and the Court of Justice shall provide information to the State Treasurer concerning any debt referred to the Department of Revenue for collection under KRS 45.237.

SECTION 2. A NEW SECTION OF KRS CHAPTER 44 IS CREATED TO READ AS FOLLOWS:

(1) Notwithstanding any other provision of the Kentucky Revised Statutes, and pursuant to the provisions of 31 U.S.C. sec. 3716(b) and (h)(1), the Finance and Administration Cabinet, at the request of any executive, judicial, or legislative agency of the Commonwealth, may enter into a reciprocal agreement with the United States government to offset the claim of any person against the Commonwealth to any debt of that person owed to the United States government which has been certified by the United States government as final, due, and owing, with all appeals and legal actions having been waived or exhausted, and to offset any nontax claim of any person against the United States government to any liquidated debt of that person owed to the Commonwealth.

(2) Notwithstanding any other provision of the Kentucky Revised Statutes, the Finance and Administration Cabinet, at the request of any executive, judicial, or legislative agency of the Commonwealth, may enter into a reciprocal agreement with any state, as defined in KRS 446.010(30), to offset the claim of any person against the Commonwealth to any debt of that person owed to any state which has certified the debt as final, due, and owing, with all appeals and legal actions having been waived or exhausted, and to offset any claim of any person against any state to any liquidated debt of that person owed to the Commonwealth.

(3) In the case of multiple creditors who have certified liquidated debt against the same person on a claim against the Commonwealth, pursuant to this section and Section 1 of this Part, the debts of the Commonwealth, counties, cities, urban-county governments, consolidated local governments, and charter county governments shall be credited first in the priority established in Section 1 of this Part, and if there is any balance due the claimant after settling the whole demands of the Commonwealth, counties, cities, urban-county governments, consolidated local governments, and charter county governments, the balance shall be credited to the liquidated debts certified by the United States government and any other state, as defined in KRS 446.010(30), in the order that the claims were filed with the Treasury. If there is a balance due the claimant after satisfaction of all liquidated debts as itemized in this section or any court-ordered payments, the balance shall be paid to the claimant.

Section 3. KRS 131.560 is amended to read as follows:

Notwithstanding the provisions of KRS 44.030 or 131.190, the Department of Revenue shall withhold the Kentucky individual income tax refund otherwise due a taxpayer under KRS Chapter 141 who owes overdue child support or is indebted to any state agency, officer, board, commission, corporation, institution, cabinet, department or other state organization***, or any county, city, urban-county government, consolidated local***

government, or charter county government duly organized in this state, which has complied with the requirements of KRS 131.565. After satisfaction of any undisputed delinquent tax liability due the Department of Revenue from such taxpayer, the tax refund balance so withheld shall, except as provided in KRS 131.565, be transmitted as soon as practicable to the state agency***, or the county, city, urban-county government, consolidated local government, or charter county government duly organized in this state,*** having established a claim therefor. In the case of multiple state agency ***or any county, city, urban-county government, consolidated local government, or charter county government duly organized in this state,*** claims against the same tax refund, the ***state*** agency having the larger pending claim shall have priority after satisfaction of any undisputed delinquent tax liabilities due the Department of Revenue, ***followed by other state agency claims. After all state agency claims have been satisfied, the claims of any county, city, urban-county government, consolidated local government, or charter county government duly organized in this state shall be satisfied with the larger pending claims satisfied first, and other claims satisfied in descending order***.

PART XVII

ELECTRONIC LEVIES FOR DELINQUENT TAX COLLECTIONS

Notwithstanding KRS 48.310, the following statutes are created to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

SECTION 1. A NEW SECTION OF KRS CHAPTER 131 IS CREATED TO READ AS FOLLOWS:

As used in Sections 1 to 4 of this Part:

(1) "Debt" means a liquidated debt as defined in KRS 45.241(1)(b);

(2) "Debtor" means any person liable for a debt;

(3) "Department" means the Department of Revenue;

(4) "Delinquent taxpayer" means a person who has been assessed for a tax, the collection of which is administered by the Department of Revenue, and who has

not sought administrative or judicial review of the assessment as provided in KRS 131.110, or who has sought but exhausted all administrative and judicial review so that the assessment is final, due, and owing. For a person to be considered a "delinquent taxpayer," the following conditions must also be met:

(a) The tax remains unpaid after thirty (30) days from demand for payment by the department; and

(b) The person is not making current timely installment payments on the tax liability under agreement with the department; and

(5) "Financial institution" means:

(a) A depository institution and an institution-affiliated party as defined in 12 U.S.C. sec. 1813(c) and (u);

(b) Any federal or state credit union, including an institution-affiliated party as defined in 12 U.S.C. secs. 1752 and 1786(r); or

(c) Any benefit association, insurance company, safe deposit company, money market mutual fund, brokerage firm, trust company, or similar entity authorized to do business in the Commonwealth.

SECTION 2. A NEW SECTION OF KRS CHAPTER 131 IS CREATED TO READ AS FOLLOWS:

(1) To assist the department in the collection of delinquent taxes and debts owed to the Commonwealth, the department shall design, develop, implement, and operate a financial institution match system for the purpose of identifying and seizing the financial assets of delinquent taxpayers and debtors as identified by the department. The provisions of Sections 1 to 4 of this Part shall be applied uniformly to all financial institutions within the Commonwealth as feasible.

(2) Each financial institution in the Commonwealth shall, in conjunction with the department, develop and operate a data match system to facilitate the identification and seizure of financial assets of delinquent taxpayers and debtors

identified by the department. If a financial institution has a data match system developed pursuant to KRS 205.774(2) for the purpose of administering the child support enforcement programs of the Commonwealth, and if the system is compatible with the requirements of Sections 1 to 4 of this Part, the financial institution may utilize that system to comply with the provisions of this subsection.

(3) (a) When the department determines that the name, record address, and either Social Security number or taxpayer identification number of an account with a financial institution matches the name, record address, and either the Social Security number or taxpayer identification number of a delinquent taxpayer or debtor, a lien or levy shall, subject to the provisions of subsection (4) of this section, arise against the assets in the account at the time of receipt of the notice by the financial institution at which the account is maintained.

(b) The department shall provide notice of the following to the debtor or delinquent taxpayer and the financial institution:

1. The match;

2. The lien or levy arising therefrom; and

3. The action to be taken to surrender or encumber the account with the lien or levy for delinquent taxes.

Notice shall be provided to the debtor or delinquent taxpayer within two (2) business days of the date the notice is sent to the financial institution.

(4) A financial institution ordered to surrender or encumber an account shall be entitled to collect its normally scheduled account activity fees to maintain the account during the period of time the account is seized or encumbered.

(5) A financial institution may charge an account levied on by the department a fee of not more than twenty dollars ($20) which may be deducted from the account prior to remitting any funds to the department.

(6) The department shall bear the cost or, if paid by the delinquent taxpayer or debtor, reimburse the delinquent taxpayer or debtor for any bank charges incurred as a result of any erroneous lien or levy by the department, provided the erroneous lien or levy was caused by department error and, prior to the issuance of the erroneous lien or levy, the delinquent taxpayer or debtor timely responded to all contacts by the department and provided information or documentation sufficient to establish his or her position.

(7) The department may promulgate administrative regulations to implement Sections 1 to 4 of this Part.

SECTION 3. A NEW SECTION OF KRS CHAPTER 131 IS CREATED TO READ AS FOLLOWS:

(1) Financial institutions doing business in the Commonwealth shall provide identifying information each calendar quarter to the department for each delinquent taxpayer or debtor identified by the department that is indebted to the Commonwealth for delinquent taxes or debts and who maintains an account at the institution.

(2) The financial institution shall be paid a fee for conducting data matches from the delinquent taxpayer's account, not to exceed the actual cost.

(3) Except for the exchange of information between the department and financial institutions necessary for the enforcement of Sections 1 to 4 of this Part, any information obtained by the department from financial institutions shall be subject to confidentiality restrictions imposed on the department by KRS 131.190.

(4) A financial institution shall not be liable for encumbering or surrendering any assets held by the financial institution in response to a lien or notice of levy

issued by the department, or any other action taken in good faith to comply with the requirements of Sections 1 to 4 of this Part.

SECTION 4. A NEW SECTION OF KRS CHAPTER 131 IS CREATED TO READ AS FOLLOWS:

(1) A financial institution furnishing a report or providing asset information about a delinquent taxpayer or debtor to the department shall not disclose to the delinquent taxpayer or debtor that the name of that person has been received from or furnished to the department. A financial institution may disclose to its depositors or account holders that under the financial institution match system the department has the authority to request certain identifying information on certain depositors or account holders.

(2) If a financial institution willfully violates the provisions of this section, the institution shall pay to the department the lesser of one thousand dollars ($1,000) or the amount on deposit or in the account of the person to whom the disclosure was made.

(3) A financial institution shall incur no obligation or liability to a depositor or account holder or any other person arising from the furnishing of a report or information to the department pursuant to Sections 1 to 4 of this Part, or from the failure to disclose to a depositor or account holder that the name of the person was included in a list or report furnished by the financial institution to the department.

(4) A financial institution shall not give notice to an account holder or customer of the financial institution that the financial institution has provided information or taken any action pursuant to Sections 1 to 4 of this Part and shall not be liable for failure to provide that notice; provided, however, that a financial institution may disclose to its depositors or account holders that, under the data match system, the department has the authority to request certain identifying

information on certain depositors or account holders. The department shall notify, not less than annually, affected depositors or account holders who have not otherwise received notification.

PART XVIII

MOTOR FUELS TAX

Notwithstanding KRS 48.310, the following statutes are amended to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

Section 1. KRS 138.210 is amended to read as follows:

As used in KRS 138.220 to 138.446, unless the context requires otherwise:

(1) "Accountable loss" means loss or destruction of "received" gasoline or special fuel through wrecking of transportation conveyance, explosion, fire, flood or other casualty loss, or contaminated and returned to storage. The loss shall be reported within thirty (30) days after discovery of the loss to the department in a manner and form prescribed by the department, supported by proper evidence which in the sole judgment of the department substantiates the alleged loss or contamination and which is confirmed in writing to the reporting dealer by the department. The department may make any investigation deemed necessary to establish the bona fide claim of the loss;

(2) "Gasoline dealer" or "special fuels dealer" means any person who is:

(a) Regularly engaged in the business of refining, producing, distilling, manufacturing, blending, or compounding gasoline or special fuels in this state;

(b) Regularly importing gasoline or special fuel, upon which no tax has been paid, into this state for distribution in bulk to others;

(c) Distributing gasoline from bulk storage in this state;

(d) Regularly engaged in the business of distributing gasoline or special fuels from bulk storage facilities primarily to others in arm's-length transactions;

(e) In the case of gasoline, receiving or accepting delivery within this state of gasoline for resale within this state in amounts of not less than an average of one hundred thousand (100,000) gallons per month during any prior consecutive twelve (12) months' period, when in the opinion of the department, the person has sufficient financial rating and reputation to justify the conclusion that he will pay all taxes and comply with all other obligations imposed upon a dealer; or

(f) Regularly exporting gasoline or special fuels;

(3) "Department" means the Department of Revenue;

(4) (a) "Gasoline" means all liquid fuels, including liquids ordinarily, practically, and commercially usable in internal combustion engines for the generation of power, and all distillates of and condensates from petroleum, natural gas, coal, coal tar, vegetable ferments, and all other products so usable which are produced, blended, or compounded for the purpose of operating motor vehicles, showing a flash point of 110 degrees Fahrenheit or below, using the Eliott Closed Cup Test, or when tested in a manner approved by the United States Bureau of Mines, are prima facie commercially usable in internal combustion engines. The term "gasoline" as used herein shall include casing head, absorption, natural gasoline, and condensates when used without blending as a motor fuel, sold for use in motors direct, or sold to those who blend for their own use, but shall not include: propane, butane, or other liquefied petroleum gases, kerosene, cleaner solvent, fuel oil, diesel fuel, crude oil or casing head, absorption, natural gasoline and condensates when sold to be blended or compounded with other less volatile liquids in the manufacture of commercial gasoline for motor fuel, industrial naphthas, rubber solvents, Stoddard solvent, mineral spirits, VM and P & naphthas, turpentine substitutes, pentane, hexane, heptane, octane, benzene, benzine,

xylol, toluol, aromatic petroleum solvents, alcohol, and liquefied gases which would not exist as liquids at a temperature of sixty (60) degrees Fahrenheit and a pressure of 14.7 pounds per square inch absolute, unless the products are used wholly or in combination with gasoline as a motor fuel;

(b) "Special fuels" means and includes all combustible gases and liquids capable of being used for the generation of power in an internal combustion engine to propel vehicles of any kind upon the public highways, including diesel fuel, and dyed diesel fuel used exclusively for nonhighway purposes in off-highway equipment and in nonlicensed motor vehicles, except that it does not include gasoline, aviation jet fuel, kerosene unless used wholly or in combination with special fuel as a motor fuel, or liquefied petroleum gas as defined in KRS 234.100;

(c) "Diesel fuel" means any liquid other than gasoline that, without further processing or blending, is suitable for use as a fuel in a diesel powered highway vehicle. Diesel fuel does not include unblended kerosene, No. 5, and No. 6 fuel oil as described in ASTM specification D 396 or F-76 Fuel Naval Distillate MILL-F-166884;

(d) "Dyed diesel fuel" means diesel fuel that is required to be dyed under United States Environmental Protection Agency rules for high sulfur diesel fuel, or is dyed under the Internal Revenue Service rules for low sulfur fuel, or pursuant to any other requirements subsequently set by the United States Environmental Protection Agency or the Internal Revenue Service;

(5) "Received" or "received gasoline" or "received special fuels" shall have the following meanings:

(a) Gasoline and special fuels produced, manufactured, or compounded at any refinery in this state or acquired by any dealer and delivered into or stored in refinery, marine, or pipeline terminal storage facilities in this state shall be

deemed to be received when it has been loaded for bulk delivery into tank cars or tank trucks consigned to destinations within this state. For the purpose of the proper administration of this chapter and to prevent the evasion of the tax and to enforce the duty of the dealer to collect the tax, it shall be presumed that all gasoline and special fuel loaded by any licensed dealer within this state into tank cars or tank trucks is consigned to destinations within this state, unless the contrary is established by the dealer, pursuant to rules and regulations prescribed by the department; and

(b) Gasoline and special fuel acquired by any dealer in this state, and not delivered into refinery, marine, or pipeline terminal storage facilities, shall be deemed to be received when it has been placed into storage tanks or other containers for use or subject to withdrawal for use, delivery, sale, or other distribution. Dealers may sell gasoline or special fuel to licensed bonded dealers in this state in transport truckload, carload, or cargo lots, withdrawing it from refinery, marine, pipeline terminal, or bulk storage tanks, without paying the tax. In such instances, the licensed bonded dealer purchasing the gasoline or special fuel shall be deemed to have received such fuel at the time of withdrawal from the seller's storage facility and shall be responsible to the state for the payment of the tax thereon;

(6) "Refinery" means any place where gasoline or special fuel is refined, manufactured, compounded, or otherwise prepared for use;

(7) "Storage" means all gasoline and special fuel produced, refined, distilled, manufactured, blended, or compounded and stored at a refinery storage or delivered by boat at a marine terminal for storage, or delivered by pipeline at a pipeline terminal, delivery station, or tank farm for storage;

(8) "Transporter" means any person who transports gasoline or special fuel on which the tax has not been paid or assumed;

(9) "Bulk storage facility" means gasoline or special fuel storage facilities of not less than twenty thousand (20,000) gallons owned or operated at one (1) location by a single owner or operator for the purpose of storing gasoline or special fuel for resale or delivery to retail outlets or consumers;

(10) "Average wholesale price" shall mean:

(a) The weighted average per gallon wholesale tank wagon price of gasoline, exclusive of the nine cents ($0.09) per gallon federal tax in effect on January 1, 1984, any increase in the federal gasoline tax after July 1, 1984, and any fee on imported oil imposed by the Congress of the United States after July 1, 1986, as determined by the Department of Revenue from information furnished by licensed gasoline dealers or from information available through independent statistical surveys of gasoline prices. Dealers shall furnish within twenty (20) days following the end of the first month of each calendar quarter, the information regarding wholesale selling prices for the previous month required by the department;

(b) Notwithstanding the provisions of paragraph (a) of this subsection, for purposes of the taxes levied in KRS 138.220, 138.660, and 234.320, in no case shall "average wholesale price" be deemed to be less than one dollar and ***thirty-four and two-tenths cents ($1.342)***~~[twenty-two cents ($1.22)]~~ per gallon, and in no case shall "average wholesale price" be deemed to be more than one dollar and fifty cents ($1.50) per gallon on or before June 30, 1982. In fiscal year 1982-83, the "average wholesale price" shall not be deemed to increase more than ten percent (10%) over the "average wholesale price" at the close of fiscal year 1981-82; in each subsequent fiscal year the "average wholesale price" shall not be deemed to increase more than ten percent (10%) over the "average wholesale price" at the close of the previous fiscal year;

(11) "Motor vehicle" means any vehicle, machine, or mechanical contrivance propelled by an internal combustion engine and licensed for operation and operated upon the public highways and any trailer or semitrailer attached to or having its front end supported by the motor vehicles;

(12) "Public highways" means every way or place generally open to the use of the public as a matter or right for the purpose of vehicular travel, notwithstanding that they may be temporarily closed or travel thereon restricted for the purpose of construction, maintenance, repair, or reconstruction;

(13) "Agricultural purposes" means purposes directly related to the production of agricultural commodities and the conducting of ordinary activities on the farm;

(14) "Retail filling station" means any place accessible to general public vehicular traffic where gasoline or special fuel is or may be placed into the fuel supply tank of a licensed motor vehicle; and

(15) "Financial instrument" means a bond issued by a corporation authorized to do business in Kentucky, a line of credit, or an account with a financial institution maintaining a compensating balance.

Section 2. KRS 138.220 is amended to read as follows:

(1) An excise tax at the rate of nine percent (9%) of the average wholesale price rounded to the third decimal when computed on a per gallon basis shall be paid on all gasoline and special fuel received in this state. For the purposes of the allocations in KRS 177.320(1) and (2) and 177.365, the amount calculated under this subsection shall be reduced by the amount calculated in subsection (3) of this section. Except as provided by KRS Chapter 138, no other excise or license tax shall be levied or assessed on gasoline or special fuel by the state or any political subdivision of the state. The tax herein imposed shall be paid by the dealer receiving the gasoline or special fuel to the State Treasurer in the manner and within the time specified in KRS 138.230 to 138.340 and all such tax may be added

to the selling price charged by the dealer or other person paying the tax on gasoline or special fuel sold in this state. Nothing herein contained shall authorize or require the collection of the tax upon any gasoline or special fuel after it has been once taxed under the provisions of this section, unless such tax was refunded or credited.

(2) In addition to the excise tax provided in subsection (1) of this section, there is hereby levied a supplemental highway user motor fuel tax to be paid in the same manner and at the same time as the tax provided in subsection (1) of this section. Such tax shall be calculated, starting with the quarter beginning July 1, 1986, by taking the excise tax resulting from the calculation provided for in subsection (1) of this section and adjusting such tax calculated, for each quarter, to reflect decreases in the average wholesale price, as defined in KRS 138.210(10)(a). The adjustment shall be made by calculating the difference between the average wholesale price computed for the quarter beginning October 1, 1985, as provided for in subsection (4) of this section, and the average wholesale price computed for the quarter beginning July 1, 1986 and each succeeding quarter, as provided for in subsection (4) of this section. In the event of a decrease in the average wholesale price computed for the quarter beginning October 1, 1985, and ending December 31, 1985, and the average wholesale price computed for the quarter beginning July 1, 1986, and each succeeding quarter, the excise tax shall be adjusted upward for that quarter. The upward adjustment shall equal one-half (1/2) of the decrease between the two (2) quarterly periods, rounded to the third decimal. In no case shall the adjustment provided by this subsection result in a supplemental highway user motor fuel tax greater than five cents ($0.05) on gasoline or two cents ($0.02) on special fuel and, notwithstanding any adjustment which may be calculated as provided by this subsection, in no case shall the supplemental highway user motor fuel tax for any quarter be less than the previous quarter. The supplemental highway user motor

fuel tax provided by this subsection and the provisions of subsections (1) and (3) of this section shall constitute the tax on motor fuels imposed by KRS 138.220.

(3) Effective July 1, 2005, one cent ($0.01)***, and effective July 1, 2006, two and one-tenth cents ($0.021),*** of the tax collected under subsection (1) of this section shall be excluded from the calculations in KRS 177.320(1) and (2) and 177.365. The funds identified in this subsection shall be deposited into the state road fund.

(4) Effective with the calendar quarter beginning July 1, 1980, the department shall determine on a consistent basis the average wholesale price for each calendar quarter, on the basis of sales data accumulated for the first month of the preceding quarter. Notification of the average wholesale price shall be given to all licensed dealers at least twenty (20) days in advance of the first day of each calendar quarter.

(5) Dealers with a tax-paid gasoline or special fuel inventory at the time an average wholesale price becomes effective, shall be subject to additional tax or appropriate tax credit to reflect the increase or decrease in the average wholesale price for the new quarter. The department shall promulgate such rules and regulations to properly administer this provision.

PART XIX

VOLUNTARY ASSIGNMENT OF MSA TOBACCO ESCROW PAYMENTS

Notwithstanding KRS 48.310, the following statute is amended to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

Section 1. KRS 131.602 is amended to read as follows:

(1) Any tobacco product manufacturer selling cigarettes to consumers within this state, whether directly or through a distributor, retailer, or similar intermediary or intermediaries, after June 30, 2000, shall do one (1) of the following:

(a) Become a participating manufacturer, as that term is defined in section II(jj) of the master settlement agreement, and generally perform its financial obligations under the master settlement agreement; or

(b) Place into a qualified escrow fund by April 15 of the year following the year in question the following amounts, as such amounts are adjusted for inflation:

1. For 2000: $0.0104712 per unit sold after June 30, 2000;
2. For each of 2001 and 2002: $0.0136125 per unit sold;
3. For each of 2003 through 2006: $0.0167539 per unit sold; and
4. For 2007 and each year thereafter: $0.0188482 per unit sold.

(2) A tobacco product manufacturer that places funds into escrow pursuant to subsection (1)(b) of this section shall receive the interest or other appreciation on such funds as earned. Such funds themselves shall be released from escrow only under the following circumstances:

(a) To pay a judgment or settlement on any released claim brought against such tobacco product manufacturer by Kentucky or any releasing party located or residing in Kentucky. Funds shall be released from escrow under this paragraph in the order in which they were placed into escrow and only to the extent and at the time necessary to make payments required under such judgment or settlement;

(b) To the extent that a tobacco product manufacturer establishes that the amount it was required to place into escrow on account of units sold in the state in a particular year was greater than the master settlement agreement payments, as determined pursuant to section IX(i) of that agreement, including after final determination of all adjustments, that such manufacturer would have been required to make on account of such units sold had it been a participating manufacturer, the excess shall be released from escrow and revert back to such tobacco product manufacturer; or

(c) To the extent not released from escrow under paragraph (a) or (b) of this subsection, funds shall be released from escrow and revert back to such

tobacco product manufacturer twenty-five (25) years after the date on which they were placed into escrow.

(3) Each tobacco product manufacturer that elects to place funds into escrow pursuant to subsection (1)(b) of this section shall annually certify to the Attorney General that it is in compliance with subsections (1)(b) and (2) of this section. The Attorney General may bring a civil action on behalf of Kentucky against any tobacco product manufacturer that fails to place into escrow the funds required under this section. Any tobacco product manufacturer that fails in any year to place into escrow the funds required under this section shall:

(a) Be required within fifteen (15) days to place such funds into escrow as shall bring it into compliance with this section. The court, upon a finding of a violation of subsection (1)(b) or (2) of this section, may impose a civil penalty, to be paid to the general fund of Kentucky, in an amount not to exceed five percent (5%) of the amount improperly withheld from escrow per day of the violation and in a total amount not to exceed one hundred percent (100%) of the original amount improperly withheld from escrow;

(b) In the case of a knowing violation, be required within fifteen (15) days to place such funds into escrow as shall bring it into compliance with this section. The court, upon a finding of a knowing violation of subsection (1)(b) or (2) of this section, may impose a civil penalty, to be paid to the general fund of Kentucky, in an amount not to exceed fifteen percent (15%) of the amount improperly withheld from escrow per day of the violation and in a total amount not to exceed three hundred percent (300%) of the original amount improperly withheld from escrow; and

(c) In the case of a second knowing violation, be prohibited from selling cigarettes to consumers within Kentucky, whether directly or through a

distributor, retailer, or similar intermediary, for a period not to exceed two (2) years.

Each failure to make an annual deposit required under this section shall constitute a separate violation.

(4) Notwithstanding the provisions of subsection (2) of this section, a tobacco product manufacturer that elects to place funds into escrow pursuant to subsection (1)(b) of this section may make an irrevocable assignment of its interest in the funds to the benefit of the Commonwealth of Kentucky. Such assignment shall be permanent and apply to all funds in the subject escrow account or that may subsequently come into such account, including those deposited into the escrow account prior to the assignment being executed, those deposited into the escrow account after the assignment is executed, and interest or other appreciation on such funds. The tobacco product manufacturer, the Attorney General, and the financial institution where the escrow account is maintained may make such amendments to the qualified escrow account agreement as may be necessary to effectuate an assignment of rights executed pursuant to this subsection or a withdrawal of funds from the escrow account pursuant to subsection (5) of this section. An assignment of rights executed pursuant to this subsection shall be in writing, signed by a duly authorized representative of the tobacco product manufacturer making the assignment, and shall become effective upon delivery of the assignment to the Attorney General and the financial institution where the escrow account is maintained.

(5) Notwithstanding the provisions of subsection (2) of this section, any escrow funds assigned to the Commonwealth pursuant to subsection (4) of this section shall be withdrawn by the Commonwealth upon request by the Treasurer of the Commonwealth and approval of the Attorney General. Any funds withdrawn pursuant to this subsection shall be deposited in the general fund and shall be

calculated on a dollar-for-dollar basis as a credit against any judgment or settlement described in subsection (2)(a) of this section which may be obtained against the tobacco product manufacturer who has assigned the funds in the subject escrow account. Nothing in this subsection or in subsection (4) of this section shall be construed to relieve a tobacco product manufacturer from any past, current, or future obligations the manufacturer may have pursuant to this chapter.

(6) Notwithstanding subsections (4) and (5) of this section, no assignment of escrows created pursuant to subsection (1)(b) of this section shall be made by a tobacco product manufacturer, or shall be accepted by the Treasurer of the Commonwealth, unless and until the Attorney General has provided an opinion to the Treasurer, with a copy of the opinion provided to the Governor and the Legislative Research Commission, that amendments to KRS 131.600 and subsections (4) and (5) of this section will not jeopardize the Commonwealth's payments under the master settlement agreement in the form of a nonparticipating manufacturer adjustment.

PART XX

TOBACCO AMNESTY COMPENSATION

Notwithstanding KRS 48.310, the following statute is amended to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

Section 1. KRS 248.480 is amended to read as follows:

(1) As used in this section:

(a) "Settlement trust" means the national tobacco grower settlement trust established between tobacco companies and states with tobacco growers and tobacco quota owners in accordance with the master settlement agreement between certain tobacco companies and states' attorneys general dated November 23, 1998;

(b) "Settlement trust agreement" means the agreement to provide economic assistance from the national tobacco grower settlement trust directly to tobacco growers and tobacco quota holders in the Commonwealth;

(c) "Trustee of the settlement trust" means the entity legally responsible for management of the national tobacco grower settlement trust; and

(d) "Corporation" means the Kentucky Tobacco Settlement Trust Corporation created by this section.

(2) The Kentucky Tobacco Settlement Trust Corporation is created and established as a de jure municipal corporation and political subdivision of the Commonwealth to perform essential governmental and public functions by assisting in the implementation of the national tobacco grower settlement trust agreement. The corporation shall be attached to the Finance and Administration Cabinet for administrative purposes. The corporation shall be a public agency within the meaning of KRS 61.805, KRS 61.870, and other applicable statutes.

(3) The corporation shall be directed by a board of directors, which shall include:

(a) The Governor, who shall serve as chair of the corporation;

(b) The Commissioner of Agriculture, who shall serve as vice chair of the corporation;

(c) The Attorney General, who shall serve as secretary of the corporation;

(d) One (1) member of the Senate appointed by the President of the Senate to serve as an ex officio, nonvoting member of the board;

(e) One (1) member of the House of Representatives appointed by the Speaker of the House of Representatives to serve as an ex officio, nonvoting member of the board;

(f) Six (6) citizen members who are tobacco growers or tobacco quota owners appointed by the Governor for a term of four (4) years;

(g) One (1) citizen member with a distinguished record of public service appointed by the Governor for a term of four (4) years; and

(h) Two (2) members appointed by the Governor for a term of four (4) years from a list of six (6) nominees selected and submitted to the Governor by the state's congressional delegation.

(4) Members of the board shall not receive compensation for their services but be reimbursed for necessary travel and lodging expenses incurred in the performance of their duties.

(5) A quorum of the board shall consist of six (6) voting members. A majority of the voting members present may act upon any matter legally before the corporation. The board shall keep minutes and records of all meetings of the corporation and shall record all official actions.

(6) The corporation shall be a body corporate with full corporate powers. The board may develop articles of incorporation and other appropriate documentation to establish the corporation's existence as a corporation authorized by law. The corporation shall not in any form hold, receive, or manage any proceeds from the National Tobacco Growers Settlement Trust.

(7) The corporation's duties shall include, but not be limited to:

(a) Performing all duties and responsibilities of a state certification body as defined and directed under the terms of the settlement trust agreement;

(b) Preparing and submitting a plan to the trustee of the settlement trust for its approval. The plan shall identify those tobacco growers and tobacco quota owners who are to receive direct payment from the settlement trust and shall determine the respective amount each of the tobacco growers or tobacco quota owners is to receive;

(c) Determining the amount of any administrative expenses to be paid to the corporation under the terms of the settlement trust agreement;

(d) Appointing an officer to conduct executive functions for the corporation. The officer may be a state officer or employee who shall serve as a borrowed servant at no cost to the corporation;

(e) Requesting the trustee of the settlement trust to set aside reserve amounts in anticipation of a decrease in annual payments;

(f) Submitting information required by the trustee of the settlement trust;

(g) Establishing policies and procedures and contracting with other persons or entities if necessary to effectuate its purposes and functions;

(h) Discharging additional powers, duties, and functions as necessary or convenient to carry out the purposes of this section;

(i) Enacting bylaws concerning the conduct of its business and other administrative procedures as it deems necessary;~~[and]~~

(j) Provide for the distribution of state funds appropriated in 2005 Ky. Acts ch. 173, Parts I and II to the beneficiaries of the National Tobacco Growers Settlement Trust in a manner consistent with this section***; and***

(k) Provide for the distribution of one-time payments under the amnesty compensation program described in subsection (8) of this section.

(8) ***(a) The corporation shall establish an amnesty compensation program for tobacco quota owners who did not receive payments under the plan adopted by the corporation on March 22, 2004. The program shall grant one-time payments to eligible tobacco quota owners, defined in the March 22, 2004, plan, who did not attain certification status with the corporation in 2004. Tobacco quota owners who attained certification with the corporation in 2004 shall not be eligible for the amnesty compensation payments for any 2003 basic quota pounds that were certified previously by the corporation. The program developed by the corporation shall:***

1. Determine those quota owners not certified previously under the March 22, 2004, plan and institute an application process for those noncertified quota owners;

2. Make a one-time payment to newly certified quota owners under the amnesty compensation program at the same rate per pound as those quota owners who were certified previously under the March 22, 2004, plan provisions; and

3. Limit the application process to ninety (90) days, with an ending date no later than October 31, 2006, and make payments to certified beneficiaries within ninety (90) days after the application process has ended.

(b) Funds required under the amnesty compensation program, including administrative costs of the plan, shall be provided by the Governor's Office of Agricultural Policy under Part X, Section B.1.a.(3) of this Act. In the event funds provided under Part X of this Act are insufficient to fully carry out the provisions of paragraph (a)2. of this subsection, then the one-time payments to newly certified quota owners shall be made in accordance with paragraph (a)2. of this subsection, on a proportionate basis, until all available funds provided in Part X of this Act are expended.

(c) The provisions of this subsection shall expire on June 30, 2007.

(9) There shall be no liability on the part of, and no cause of action for damages shall arise against, the corporation or any member, officer, administrator, agent, or employee of the corporation, either as a part of the corporation's operations or as an individual as a result of any act, omission, proceeding, conduct, or decision relating to the official duties, functions, and responsibilities of the corporation.

PART XXI

LEGAL NOTICES

Notwithstanding KRS 48.310, the following statute is amended to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

Section 1. KRS 424.180 is amended to read as follows:

Any advertisement which a state officer, department or agency is required by law to have published shall, if intended to give statewide notice, be published in such newspaper or newspapers, to be designated by the Finance and Administration Cabinet, as will provide reasonable statewide coverage***, unless the Finance and Administration Cabinet approves an alternative and cost-effective method of delivery***. If the advertisement particularly affects a local area it shall be published, for each county in the area, in a newspaper qualified under KRS 424.120 to publish advertisements for such county***, unless the Finance and Administration Cabinet approves an alternative and cost-effective method of delivery***. The latter publication shall be in addition to the former, if the advertisement affects the state at large as well as the local area.

PART XXII

HOME INCARCERATION

Notwithstanding KRS 48.310, the following statute is amended to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

Section 1. KRS 532.260 is amended to read as follows:

(1) Any Class C or Class D felon who is serving a sentence in a state-operated prison***, contract facility, or county jail*** shall, at the discretion of the commissioner, be eligible to serve the remainder of his or her sentence outside the walls of the detention facility under terms of home incarceration using an approved monitoring device as defined in KRS 532.200, if the felon:

(a) 1. Has not been convicted of, pled guilty to, or entered an Alford plea to a violent felony as defined by the Department of Corrections classification system; or

2. Has not been convicted of, pled guilty to, or entered an Alford plea to a sex crime as defined in KRS 17.500;

(b) Has ***ninety (90)***[~~sixty (60)~~] days or less to serve on his or her sentence;

(c) Has voluntarily participated in a discharge planning process with the department to address his or her:

1. Education;

2. Employment, technical, and vocational skills; and

3. Housing, medical, and mental health needs; and

(d) Has needs that may be adequately met in the community where he or she will reside upon release.

(2) A person who is placed under terms of home incarceration pursuant to subsection (1) of this section shall remain in the custody of the Department of Corrections. Any unauthorized departure from the terms of home incarceration may be prosecuted as an escape pursuant to KRS Chapter 520 and shall result in the person being returned to prison.

(3) The Department of Corrections shall promulgate administrative regulations to implement the provisions of this section.

PART XXIII

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 office. The method of determining the number of employees an employer has and the amount and types of subsidies shall be determined by the office 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 office;

(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) "Office" means the Office 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 Office 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 shall be piloted for a four year period

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.

(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 Office 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 insurers participation requirements as allowed under KRS 304.17A-200(3). The office 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 insurers participation requirements as allowed under KRS 304.17A-200(3). The office 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 office 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 office 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) On and after July 1, 2007, 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 $15.

(2) The office may, in lieu of cash payments, issue to individuals vouchers or other documents certifying that the office 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 through the end of the pilot period as provided for under Section 2(1) of this Part.

(4) The office 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 office 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 office. The office 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 office;

(b) Submit reports to the office regarding the operation and financial condition of the ICARE Program. The frequency, content, and form of the reports shall be determined by the office; and

(c) Submit a monthly and annual report to the office. 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 office.

(3) The third-party administrator shall be paid for necessary and reasonable expenses as provided in the contract between the office and the third-party administrator.

Section 6. (1) The office 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 office 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 office 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 Office 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. (1) The Office of Insurance shall conduct a study to determine the impact on the insured of being billed by health care providers for the amount between the health care provider's regular charges and the amount that the health care provider has agreed to through a contractual relationship with an insurer. The report based on the study shall include:

(a) Statistical information related to the prevalence of inappropriate billing to insured, by region; and

(b) Recommendations to prevent inappropriate billing by health care providers.

(2) The Office of Insurance shall submit the report on the study no later than December 31, 2006, to the Interim Joint Committee on Banking and Insurance, the Interim Joint Committee on Health and Welfare, the Interim Joint Committee on Licensing and Occupations, and the Governor.

Section 12. 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 13. 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 14. 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 15. 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 16. 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 Office 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 17. 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 18. 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 19. 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 20. 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 21. 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.

Section 22. Sections 1 to 8 of this Part take effect January 1, 2007.

PART XXIV

PHARMACY SCHOLARSHIP PROGRAM

Notwithstanding KRS 48.310, the following statute is created to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

SECTION 1. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO READ AS FOLLOWS:

(1) It is the intent of the General Assembly to establish a scholarship program to provide eligible Kentucky students the opportunity to attend an accredited school of pharmacy at a private four (4) year institution of higher education with a main campus located in an Appalachian Regional Commission county in the Commonwealth and become certified pharmacists in the Commonwealth.

(2) The Kentucky Higher Education Assistance Authority may award scholarships, to the extent funds are available for that purpose, to persons who declare an intent to enroll in a Pharm.D. program at an institution in the Commonwealth and practice in the Commonwealth and who are eligible under subsection (3) of this section.

(3) The authority may award scholarships to students who meet the following criteria:

(a) Kentucky residents who are United States citizens as determined by the institution in accordance with criteria established by the Council on Postsecondary Education for the purposes of admission and tuition assessment;

(b) Students who are enrolled or accepted for enrollment in an eligible program of study, on a full-time basis, or eligible students who have 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;

(c) Students who agree to render one (1) year of qualified service in the Commonwealth for each year the scholarship was awarded. "Qualified service" means a full-time practice in 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; and

(d) Students who sign a promissory note as evidence of the scholarship awarded and the obligation to repay the scholarship amount or render medical service as agreed in lieu of payment.

(4) The amount of the scholarship awarded to an eligible student by the authority shall be equal to the difference between:

(a) The amount charged for in-state tuition at the University of Kentucky College of Pharmacy; and

(b) The prevailing amount charged for tuition at the institution in which the student is enrolled.

(5) The authority shall require a promissory note to be executed by the student as evidence of the obligation. The recipient shall render one (1) year of qualified service for each year the scholarship was awarded. Upon completion of each year of qualified service, 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. In the event a recipient fails to complete an eligible program of study, or fails to render service as a pharmacist as agreed in subsection (3) of this section, the recipient shall be liable for the total repayment of the sum of all outstanding promissory notes and accrued interest.

(6) A scholarship shall not be awarded or a promissory note cancellation shall not be granted to 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 until 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 or the terms of promissory notes from the administration of this program, including the execution of appropriate contracts and promissory notes, cancellation of the obligation, the rate of repayment and deferment of repayment of outstanding debt, and the priority of awarding scholarships if funds are insufficient to honor all requests.

(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 Pharmacy Scholarship Program is hereby created as a special trust fund in the State Treasury administered by the Kentucky Higher Education Assistance Authority for the purpose of providing funds for scholarships to eligible students studying pharmacy in schools in the Commonwealth.

(b) Funding shall be transferred to the special trust fund from the coal severance tax revenue levied under KRS 143.020 in an amount that permits each Kentucky resident eligible under subsection (3) of this section to be awarded a scholarship in the amount established under subsection (4) of this section. No more than four percent (4%) of the coal severance tax revenues levied under KRS 143.020 and collected annually shall be transferred to the trust fund. To the extent this appropriation and other funds are available, the authority shall award scholarships to all renewal applicants and eligible students in accordance with the formula for

determining the amount of the scholarship award established in this section.

(c) The trust fund may also receive state appropriations, gifts, and grants from public and private sources, and federal funds. Any unallotted or unencumbered balances in the trust fund shall be invested as provided in KRS 42.500(9). Income earned from the investments shall be credited to the trust fund. Any fund balance at the close of the fiscal year shall not lapse but shall be carried forward to the next fiscal year and continuously appropriated only for the purposes specified in this section. 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.

(d) All moneys repaid to the authority under this section shall be added to the appropriations made for purposes of this section, and the funds and unobligated appropriations shall not lapse.

(12) On or before August 1 of each year, sixty-five percent (65%) of the amount of funding provided in subsection (11)(b) of this section shall be transferred to the special trust fund, and the remaining thirty-five percent (35%) shall be transferred on or before December 1 of each year. The revenue transfers shall be based upon the revenue estimates prevailing at the time each transfer is due.

(13) The calculation and transfer of funds under subsection (11) of this section 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.

PART XXV

BLOCK GRANTS

Notwithstanding KRS 48.310, the following statute is amended to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

Section 1. KRS 45.3511 is amended to read as follows:

(1) State administering agencies shall not have continuation block grant application requests. Each application for a block grant shall be deemed a new application.

(2) No state administering agency shall receive or expend any block grant or other funds included in a block grant application to a federal administering agency, which has not previously been specifically approved as a block grant by the General Assembly in the biennial budget process as having complied with the criteria specified in KRS 45.353, unless the application is found to be in compliance with the standards and criteria as prescribed in KRS 45.353, as well as the applicable federal and state laws.

(3) If a county contains no incorporated area, that county shall be permitted to submit two (2) applications per year, one (1) as a county and one (1) as a city, for any block grant program or any category of a block grant program that provides funding on a competitive basis.

PART XXVI

AMUSEMENT RIDES AND ATTRACTIONS

Notwithstanding KRS 48.310, the following statutes are amended to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

Section 1. KRS 247.232 is amended to read as follows:

As used in KRS 247.232 to 247.236:

(1) "Amusement ride" means any mechanized device or combination of devices which carry passengers along, around, or over a fixed or restricted course for the purpose of giving its passengers amusement, pleasure, thrills, or excitement. "Amusement ride" does not include coin-operated amusement devices, unless designated by administrative regulation promulgated by the Commissioner;~~[, and]~~ devices

regulated by the Federal Aviation Administration, the Kentucky Transportation Cabinet, ***or*** the federal railroad commission***;***~~[, and]~~ vessels under the jurisdiction of the United States Coast Guard or the Kentucky Department of Fish and Wildlife Resources; ***or other devices that may be designated by administrative regulation promulgated by the Commissioner;***

(2) "Amusement attraction" means any building or structure around, over, or through which people may walk, climb, slide, jump, or move that provides amusement, pleasure, thrills, or excitement. ***Unless designated by administrative regulation promulgated by the Commissioner,*** "amusement attraction" does not include tractor pulls***;***~~[,]~~ auto or motorcycle events***;***~~[,]~~ horse shows***;***~~[,]~~ rodeos and other animal shows***;***~~[,]~~ games and concessions***; or***~~[,]~~ nonmechanical playground equipment, such as swings, seesaws, rider-propelled merry-go-rounds, stationary spring-mounted animal devices, and physical fitness equipment***. The Commissioner may,***~~[, unless designated]~~ by administrative regulation***, designate other devices that are not included in the definition of "amusement attraction"***~~[promulgated by the Commissioner]~~;

(3) "Owner" means any person who owns an amusement ride or attraction; and

(4) "Commissioner" means the Commissioner of Kentucky Department of Agriculture or his authorized representative.

Section 2. KRS 247.234 is amended to read as follows:

(1) No amusement ride or attraction shall be operated in this state without a permit of operation issued by the Commissioner to the owner of the equipment. The permit shall be kept on site and viewable upon request.

(2) (a) The permit of operation required by this section shall be valid for a period of one (1) year and shall be issued in accordance with administrative regulations promulgated by the Commissioner;

(b) A permit shall be issued to each owner to operate any amusement ride or attraction in this state. ***An inspection fee, which shall be determined by administrative regulations promulgated by the Commissioner,***[~~A fee of fifty dollars ($50)~~] shall be levied for each amusement ride or attraction***. The fee shall be based on the complexity of the ride or attraction and shall not be less than ten dollars ($10) nor more than five hundred dollars ($500). The cost of all inspections shall be paid by the owner of the amusement ride or attraction and may be prepaid, but shall be paid no later than the day of the inspection***;

(c) The applicant shall furnish proof of liability insurance in effect on the operation of each amusement ride or attraction providing coverage, with an insurer authorized to issue a policy in this state, in the amount of ***not less than five hundred thousand dollars ($500,000)***[~~three hundred thousand dollars ($300,000)~~] due to all bodily injuries or deaths per occurrence, or in lieu thereof, if the applicant's amusement ride or amusement attraction is one that is permanently located or erected on a site in this state, the applicant shall be required only to provide proof of[~~ liability insurance in the sum of one hundred thousand dollars ($100,000) or proof of~~] financial responsibility in the sum of ***five hundred thousand dollars ($500,000)***[~~one hundred thousand dollars ($100,000)~~]. Every insurance carrier of these policies shall notify the Commissioner at least thirty (30) days prior to cancellation of a policy for mobile amusement rides or attractions and at least ten (10) days prior to cancellation of a policy for permanent amusement rides or attractions. In addition to proof of adequate insurance coverage, the applicant shall furnish any other information the Commissioner may require, including, but not limited to, written notice of each intended operating site to be received by the Commissioner at least fourteen (14) days prior to operation at that site. In

cases of emergency, notice of a change in future plans may be given to the Commissioner by telephone. Insurance requirements for amusement rides and attractions operated at the Kentucky State Fair may be adjusted by the Commissioner to any amount reasonably necessary to ensure adequate coverage;

(d) The Commissioner shall provide for an inspection of each amusement ride or attraction before it may be operated in this state. The Commissioner shall designate persons qualified by education or experience, who are capable of determining amusement safety in accordance with administrative regulations promulgated in accordance with KRS 247.232 to 247.236, as amusement safety inspectors; and

(e) A Kentucky inspection seal shall be affixed to every individual amusement ride or attraction, or other location as determined by the Commissioner, before it may be operated in this state.

(3) (a) In addition to a mandatory initial inspection, required in subsection (2)(d) of this section, the Commissioner may inspect amusement rides and attractions without notice at any time while operating in this state. There will be no charge for additional inspections in which safety violations are not found. In regard to situations in which safety violations are found, the Commissioner may charge an inspection fee not to exceed five hundred dollars ($500) for any future inspection necessary. The corrections of these safety violations shall comply with accepted standards of safety, and shall be accomplished prior to operating the equipment in this state;

(b) In regard to situations in which safety violations are found that cannot be corrected immediately, the amusement ride or attraction shall cease to operate in this state by order of the amusement safety inspector. In addition, the amusement safety inspector shall conspicuously post a public notice on or

near the amusement ride or attraction. The notice shall adequately inform the public of the safety violation present. Only an amusement safety inspector employed by the department may remove the public notice;

(c) Any owner who continues to operate an amusement ride or attraction after an order to cease operation has been issued shall have his permit of operation revoked and may be subject to further penalties provided in KRS 247.990 and this section. In addition, the county attorney of each county and the Commissioner of Agriculture or his agents are hereby authorized to seek an injunction against the owner or operator of any amusement ride or attraction being operated in violation of KRS 247.232 to 247.236; and

(d) Revenue generated by this section shall be used for the implementation and administration of KRS 247.232 to 247.236; the balance, if any, shall ***not lapse but shall be carried forward to the next fiscal year***[~~be paid into the general fund of this state~~].

Section 3. Sections 1 and 2 of this Part take effect January 1, 2007.

PART XXVII

JUDICIAL BRANCH CAPITAL PROJECTS BUDGET

1. Local Facilities Projects

a. Authorized Local Facilities Projects and Deferred Use Allowance

Rank	Project	Project Scope	Maximum Annualized Use Allowance	Total Funds
001.	Campbell	29,284,000	2,621,000	4,886,000
002.	Wolfe	11,395,000	1,020,000	1,772,000
003.	Todd	9,537,000	854,000	1,469,000
004.	Garrard	11,598,000	1,038,000	1,793,000
005.	Franklin	29,114,000	2,606,000	4,701,000

006.	Hancock	11,715,000	1,049,000	1,793,000
007.	Mercer	11,963,000	1,071,000	1,929,000
008.	Russell	11,720,000	1,049,000	1,813,000
009.	Hopkins	20,492,000	1,834,000	3,305,000
010.	Owen	11,471,000	1,027,000	1,791,000
011.	Breckinridge	11,481,000	1,027,600	1,756,000
012.	Fleming	11,536,000	1,033,000	1,778,000
013.	Whitley	18,901,000	1,692,000	2,953,000
014.	Monroe	11,207,000	1,003,000	1,710,000
015.	Rowan	13,044,000	1,168,000	2,024,000
016.	Pike	28,413,000	2,545,000	4,606,000
017.	Marion	11,781,000	1,055,000	1,821,000

(1) Deferred Funding: General Fund support to provide operating support totaling $4,927,300, annualized use allowance payments totaling $23,692,600, and non-recurring furniture and equipment costs totaling $15,560,000, less offsetting payments made for existing facilities totaling $2,279,600, for the above local facilities projects is deferred to the 2008-2010 fiscal biennium pending action of the 2008 General Assembly.

2. Local Facility Project – Additional Scope

a. Pendleton – Additional Scope 8,010,100 -0-

3. Bond Refinancings

Any savings realized from bonds refinanced after November 1, 2005, associated with a court facility constructed or renovated after July 1, 1994, shall be shared by the local unit of government and the Court of Justice based on the proportional share of the original project costs borne by the local unit of government and the Court of Justice. The length of the term of the refinancing shall not extend beyond the original maturity date of the prior bonds.

The local unit of government may use the savings to make needed improvements to the court facility, if the annual lease payment of the state is not increased as a result of the refinancing. Improvements may consist of but are not limited to holding cells, additional parking, removing physical barriers in order to comply with the American Disabilities Act requirements, space additions for the holding of family court, and other needed improvements as determined by the local unit of government after consulting with the Administrative Office of the Courts.

~~[Any debt obligations issued by or on behalf of a unit of government to finance a court facility leased to the Administrative Office of the Courts shall be publicly bid by the owner of the court facility in accordance with KRS 66.141.]~~ *(Veto #28)*

PART XXVIII

OMNIBUS ASSISTANCE TO VETERANS AND MILITARY FAMILIES

Notwithstanding KRS 48.310, the following statutes are created or amended to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

SECTION 1. A NEW SECTION OF KRS CHAPTER 36 IS CREATED TO READ AS FOLLOWS:

(1) The military family assistance trust fund is created as a separate revolving fund. The trust fund shall consist of grants, contributions, appropriations, or other moneys made available for the purpose of the trust fund.

(2) Trust fund amounts not expended at the close of a fiscal year shall not lapse but shall be carried forward to the next fiscal year.

(3) Any interest earnings of the trust fund shall become a part of the trust fund and shall not lapse.

SECTION 2. A NEW SECTION OF KRS CHAPTER 36 IS CREATED TO READ AS FOLLOWS:

(1) (a) The Military Family Assistance Trust Fund Board is hereby created for the purpose of administering the trust fund created under Section 1 of this Part. The board shall be attached to the Department of Military Affairs for administrative purposes. The board shall be composed of six (6) members as follows:

1. Three (3) members, expert in military family matters, appointed by the Governor;

2. One (1) member, expert in military family matters, appointed by the President of the Senate;

3. One (1) member, expert in military family matters, appointed by the Speaker of the House of Representatives; and

4. The adjutant general who shall serve as a nonvoting member.

(b) Appointments referred to in paragraph (a) of this subsection shall be made within sixty (60) days of the effective date of this Act.

(2) The adjutant general, or a majority of the board members, shall arrange for the first board meeting as soon as possible after all board members are appointed, but no later than June 15, 2006.

(3) Appointed board members shall serve without compensation but may receive reimbursement for their actual and necessary expenses incurred in the performance of their duties.

(4) The term of each appointed member shall be four (4) years.

(5) An appointed member whose term has expired may continue to serve until a successor is appointed and qualifies. A member who is appointed to an unexpired term shall serve the rest of the term and until a successor is appointed and qualifies. A member may serve two (2) consecutive four (4) year terms and shall not be reappointed for four (4) years after the completion of those terms.

(6) A majority of the full membership of the board shall constitute a quorum.

(7) (a) Except as provided in paragraph (b) of this subsection, at the first meeting, the board shall elect, by majority vote, a president who shall preside at all meetings and coordinate the functions and activities of the board. The president shall be elected or reelected each calendar year thereafter.

(b) The adjutant general shall not serve as the president of the board.

(8) The board shall meet at least two (2) times annually but may meet more frequently, as deemed necessary, subject to call by the president or by request of a majority of the board members.

SECTION 3. A NEW SECTION OF KRS CHAPTER 36 IS CREATED TO READ AS FOLLOWS:

(1) During active duty of a regular member of the United States Armed Forces deployed outside the United States who names Kentucky as Home of Record for military purposes, or any federal active duty of a member of a state National Guard or a Reserve component, who names Kentucky as Home of Record for military purposes, and for ninety (90) days following the end of deployment outside the United States or deactivation, as appropriate, trust fund moneys shall be used to support:

(a) The person who names Kentucky Home of Record for military purposes;

(b) The person's Kentucky resident spouse; and

(c) The person's dependent or dependents.

(2) An application for a trust fund grant may be filed by the member who names Kentucky as Home of Record for military purposes or his or her Kentucky resident spouse. The application shall be accompanied by an appropriate authorization to access personnel information contained in the military database Defense Enrollment Reporting System (DEERS) for verification purposes.

(3) Subject to the availability of trust fund moneys, the adjutant general shall award a grant to an applicant if that person's application is need-based, and the amount

of the grant does not exceed the dollar cap established by the board through the promulgation of administrative regulations. An application shall be need-based if:

(a) Funds are requested for necessary expenses incurred, or to be incurred. Necessary expenses shall include but not be limited to:

1. Housing;

2. Utilities;

3. Groceries;

4. Health insurance copay; and

5. Child care;

(b) The necessary expenses created, or will create, an undue hardship on a person referred to in subsection (1) of this section;

(c) The undue hardship is directly related to the member's deployment outside the United States or federal active duty, as appropriate;

(d) The applicant does not have reasonable access to any other funding source, whether public or private; and

(e) The military family assistance trust fund is the last resort.

(4) (a) The adjutant general shall award or decline to award a grant within sixty (60) days of receiving an application.

(b) If the adjutant general awards or declines to award a grant, he or she shall state in writing the reason for the decision and keep the writing on file.

(c) If the adjutant general declines to award a grant, he or she shall provide the applicant with a copy of the writing referred to in paragraph (b) of this subsection. In addition, if the adjutant general declines to award a grant due to the availability of public or private funds, the adjutant general shall identify the source of available funds for the applicant and provide assistance with regard to seeking funds from that source.

(5) No later than August 15, 2006, the Military Family Assistance Trust Fund Board shall promulgate emergency administrative regulations to carry out the provisions of this section. These emergency regulations shall, at a minimum, enhance administrative efficiency and limit the dollar amount that a person may receive in grants per twelve (12) month period.

SECTION 4. A NEW SECTION OF KRS CHAPTER 36 IS CREATED TO READ AS FOLLOWS:

Each year between August 15 and September 1, the Military Family Assistance Trust Fund Board shall provide a written report to the Governor, the Legislative Research Commission, and the Interim Joint Committee on Seniors, Veterans, Military Affairs, and Public Protection. The written report shall provide:

(1) The board's activities during the previous fiscal year;

(2) What moneys were spent out of the military family assistance trust fund for what purposes;

(3) The amount of money left in the fund; and

(4) Any recommendations for future initiatives with regard to the trust fund and its administration.

SECTION 5. A NEW SECTION OF KRS CHAPTER 36 IS CREATED TO READ AS FOLLOWS:

(1) The Department of Military Affairs shall establish a Mission: Welcome Home Program to ensure that a supportive community shall meet every member of a state National Guard, who names Kentucky as Home of Record for military purposes, returning from federal active duty.

(2) The department shall employ any appropriate means to carry out Mission: Welcome Home, including but not limited to:

(a) Providing every returning member of a state National Guard, who names Kentucky as Home of Record for military purposes, with a Mission:

Welcome Home packet that states what will be done to help the member as he or she rejoins his or her Kentucky life;

(b) Identifying a veteran who will serve as the contact for the returning member and his or her family with regard to Mission: Welcome Home and other benefits and services; and

(c) Identifying National Guard members, veterans, civilians, businesses, and community organizations willing to provide hands-on assistance to the returning member and his or her family with regard to establishing or reestablishing a career and reentering civilian life.

SECTION 6. A NEW SECTION OF KRS CHAPTER 36 IS CREATED TO READ AS FOLLOWS:

(1) The Kentucky Department of Military Affairs shall establish procedures to assist the spouses of military personnel acquiring and obtaining professional and occupational licenses, certificates, registrations, permits, or other credentials. A person shall be eligible for assistance under this section if he or she is the spouse of a member of the United States Armed Forces, including a member of a state's National Guard or Reserve on federal active duty who moves into Kentucky when the member of the United States Armed Forces is reassigned by the military. The department shall:

(a) Establish a process by which the department shall verify whether or not the military spouse has relocated because of the reassignment of his or her spouse by the military;

(b) Work directly with other states, testing providers, and organizations issuing credentials to accelerate the application process for obtaining state licenses, certifications, registrations, or permits. To fulfill this directive, the department shall seek input from and disseminate information to state agencies and credentialing boards on ways to accelerate the process by

which eligible military spouses moving into the Commonwealth may obtain the credentials required for occupational and professional credentialing as expeditiously as possible; and

(c) Coordinate the activities of other state agencies and credentialing boards to establish a clearinghouse by which information on obtaining licenses, certificates, registration, and permits may be accessed. In coordinating the information, the department shall compile information from other state agencies and credentialing boards on the occupations and professions requiring a state permit, registration, certification, license, or other qualifying document and the name, telephone number, and address of a contact person for each such occupation or profession.

(2) Any state agency or credentialing board issuing permits, registrations, certificates, or licenses that are a prerequisite to a person engaging in an occupation or profession shall assist the Kentucky Department of Military Affairs in expediting the application process for such permits, registrations, certificates, or licenses for military spouses who come into Kentucky because their spouses are reassigned by the military.

(3) The department shall prepare and issue an annual report on its activities in meeting the directives of this section by June 1 of each year. A copy of the report shall be submitted to the Interim Joint Committee on Licensing and Occupations and the Interim Joint Committee on Seniors, Veterans, Military Affairs, and Public Protection.

Section 7. KRS 198A.040 is amended to read as follows:

The corporation shall have all of the powers necessary or convenient to carry out and effectuate the purposes and provisions of this chapter including, but without limiting the generality of the foregoing, the power:

(1) To make or participate in the making of insured construction loans to sponsors of land development or residential housing; provided, however, that such loans shall be made only upon the determination by the corporation that construction loans have been refused in writing, wholly or in part, from private lenders in the Commonwealth of Kentucky upon reasonably equivalent terms and conditions;

(2) To make or participate in the making of insured mortgage loans to sponsors of residential housing; provided, however, that such loans shall be made only upon the determination by the corporation that mortgage loans have been refused in writing, wholly or in part, from private lenders in the Commonwealth of Kentucky upon reasonably equivalent terms and conditions;

(3) To purchase or participate in the purchase of insured mortgage loans made to sponsors of residential housing or to persons of lower and moderate income for residential housing; provided, however, that any such purchase shall be made only upon the determination by the corporation that mortgage loans have been refused in writing, wholly or in part, from private lenders in the Commonwealth of Kentucky upon reasonably equivalent terms and conditions;

(4) To make temporary loans from the housing development fund;

(5) To collect and pay reasonable fees and charges in connection with making, purchasing and servicing its loans, notes, bonds, commitments, and other evidences of indebtedness;

(6) To acquire real property, or any interest therein, by purchase, foreclosure, lease, sublease, or otherwise; to own, manage, operate, hold, clear, improve, and rehabilitate such real property; and to sell, assign, exchange, transfer, convey, lease, mortgage, or otherwise dispose of or encumber such real property where such use of real property is necessary or appropriate to the purpose of the Kentucky Housing Corporation;

(7) To sell, at public or private sale, all or any part of any mortgage or other instrument or document securing a construction, land development, mortgage, or temporary loan of any type permitted by this chapter;

(8) To procure insurance against any loss in connection with its operations in such amounts, and from such insurers, as it may deem necessary or desirable;

(9) To consent, whenever it deems it necessary or desirable in the fulfillment of its corporate purposes, to the modification of the rate of interest, time of payment of any installment of principal or interest, or any other terms of any mortgage loan, mortgage loan commitment, construction loan, temporary loan, contract, or agreement of any kind to which the corporation is a party;

(10) To acquire, establish, operate, lease, and sublease residential housing for persons and families of lower and moderate income and to enter into agreements or other transactions with any federal, state, or local governmental agency for the purpose of providing adequate living quarters for such persons and families in cities and counties where a need has been found for such housing and where no local housing authorities or other organizations exist to fill such need;

(11) To include in any borrowing such amounts as may be deemed necessary by the corporation to pay financing charges, interest on the obligations for a period not exceeding two (2) years from their date, consultant, advisory, and legal fees and such other expenses as are necessary or incident to such borrowing;

(12) To make and publish rules and regulations respecting its lending programs and such other rules and regulations as are necessary to effectuate its corporate purposes;

(13) To provide technical and advisory services to sponsors of residential housing and to residents and potential residents thereof, including but not limited to, housing selection and purchase procedures, family budgeting, property use and maintenance, household management, and utilization of community resources;

(14) To promote research and development in scientific methods of constructing low cost residential housing of high durability;

(15) To encourage community organizations to participate in residential housing development;

(16) To make, execute, and effectuate any and all agreements or other documents with any governmental agency or any person, corporation, association, partnership, or other organization or entity, necessary to accomplish the purposes of this chapter;

(17) To accept gifts, devises, bequests, grants, loans, appropriations, revenue sharing, other financing and assistance, and any other aid from any source whatsoever and to agree to, and to comply with, conditions attached thereto;

(18) To sue and be sued in its own name, plead and be impleaded;

(19) To maintain an office in the city of Frankfort and at such other place or places as it may determine;

(20) To adopt an official seal and alter the same at pleasure;

(21) To adopt bylaws for the regulation of its affairs and the conduct of its business and to prescribe rules, regulations, and policies in connection with the performance of its functions and duties;

(22) To employ fiscal consultants, engineers, attorneys, real estate counselors, appraisers, and such other consultants and employees as may be required in the judgment of the corporation and to fix and pay their compensation from funds available to the corporation therefor, provided that any personal service contracts entered into shall be subject to review by the Government Contract Review Committee of the Legislative Research Commission;

(23) To invest any funds held in reserve or in sinking fund accounts or any moneys not required for immediate disbursement in obligations guaranteed by the Commonwealth, the United States, or their agencies or instrumentalities; provided, however, that the return on such investments shall not violate any rulings of the

Internal Revenue Service regarding the investment of the proceeds of any federally tax exempt bond issue;

(24) To make or participate in the making of rehabilitation loans to the sponsors or owners of residential housing; provided, however, that any such rehabilitation loan shall be made only upon the determination by the corporation that the rehabilitation loan was not otherwise available wholly or in part from private lenders upon reasonably equivalent terms and conditions;

(25) To insure or reinsure construction, mortgage, and rehabilitation loans on residential housing; provided, however, that any such insurance, reinsurance, or waiver shall be made only upon the determination by the corporation:

(a) That such insurance or reinsurance is not otherwise available wholly or in part from private insurers upon reasonably equivalent terms and conditions; and

(b) That such loan is a reasonably sound business investment; and provided further that insurance may be waived only where the corporation finds that the amount of the loan does not exceed eighty-five percent (85%) of the development costs, or eighty-five percent (85%) of the value of the property secured by the mortgage as determined by at least two (2) appraisers who are independent of the sponsors, builders, and developers;

(26) To make grants from appropriated funds, agency and trust funds, and any other funds from any source available to the corporation, to sponsors, municipalities, local housing authorities, and to owners of residential housing for the development, construction, rehabilitation, or maintenance of residential housing and such facilities related thereto as corporation shall deem important for a proper living environment, all on such terms and conditions as may be deemed appropriate by the corporation;

(27) To make periodic grants to reduce principal and interest payments on mortgages or rentals payable by persons and families of lower and moderate income; and

(28) ***(a) To make a grant to reduce principal and interest payments on a mortgage or a rental payable by a member of a state National Guard or a Reserve component, who names Kentucky as Home of Record for military purposes, during that member's federal active duty. To qualify for a grant, a member of a state National Guard or a Reserve component shall meet reasonable standards established by the corporation, including having family income equal to or less than two hundred percent (200%) of the state or area median income; and***

(b) To provide a member of a state National Guard or a Reserve component, who names Kentucky as Home of Record for military purposes, and that member's Kentucky resident spouse with the educational, technical, and ombudsman services that are necessary to maintain a mortgage during that member's federal active duty.

The Kentucky Housing Corporation shall be exempt from the regulations of the Office of Insurance and the laws of the Commonwealth relating thereto.

Section 8. KRS 18A.190 is amended to read as follows:

(1) State offices shall be closed and state employees shall be given a holiday on the following days:

(a) The first day of January plus one (1) extra day;

(b) The third Monday in January;

(c) Good Friday, one-half (1/2) day;

(d) The last Monday in May;

(e) The fourth day of July;

(f) The first Monday in September;

(g) The eleventh day of November;

(h) Presidential election day as required under KRS 2.190;

(i) The fourth Thursday in November plus one (1) extra day; and

(j) The twenty-fifth day of December plus one (1) extra day.

(2) When any of the days enumerated in subsection (1) falls on a Saturday, the preceding Friday shall be observed as the holiday, and when any of the days enumerated in subsection (1) falls on a Sunday, the following Monday shall be observed as the holiday. When one (1) extra day is mentioned in paragraphs (a), (i) and (j) of subsection (1), the Governor shall designate the extra day.

(3) ***Any state employee who is the spouse of a member of the United States Armed Forces, including a member of a state National Guard or a Reserve component on federal active duty, shall receive, at the discretion of the state employee, one (1) day off, with pay, from work when the member is deployed and one (1) day off, with pay, from work when the member returns from deployment.***

(4) The holidays set out in this section are in addition to vacation leave and other benefits of state employees.

Section 9. KRS 159.035 is amended to read as follows:

(1) Notwithstanding the provisions of any other statute, any student in a public school who is enrolled in a properly organized 4-H club shall be considered present at school for all purposes when participating in regularly scheduled 4-H club educational activities, provided, the student is accompanied by or under the supervision of a county extension agent or the designated 4-H club leader for the 4-H club educational activity participated in.

(2) Except as provided in paragraph (e) of this subsection, a public school principal shall give a student an excused absence of up to ten (10) school days to pursue an educational enhancement opportunity determined by the principal to be of significant educational value, including but not limited to participation in an educational foreign exchange program or an intensive instructional, experiential, or performance program in one (1) of the core curriculum subjects of English, science, mathematics, social studies, foreign language, and the arts.

(a) A student receiving an excused absence under this subsection shall have the opportunity to make up school work missed and shall not have his or her class grades adversely affected for lack of class attendance or class participation due to the excused absence.

(b) Educational enhancement opportunities under this subsection shall not include nonacademic extracurricular activities, but may include programs not sponsored by the school district.

(c) If a request for an excused absence to pursue an educational enhancement opportunity is denied by a school principal, a student may appeal the decision to the district superintendent, who shall make a determination whether to uphold or alter the decision of the principal. If a superintendent upholds a principal's denial, a student may appeal the decision to the local board of education, which shall make a final determination. A principal, superintendent, and local board of education shall make their determinations based on the provisions of this subsection and the district's school attendance policies adopted in accordance with KRS 158.070 and KRS 159.150.

(d) A student receiving an excused absence under the provisions of this subsection shall be considered present in school during the excused absence for the purposes of calculating average daily attendance as defined by KRS 157.320 under the Support Education Excellence in Kentucky program.

(e) A student shall not be eligible to receive an excused absence under the provisions of this subsection for an absence during a school's testing window established for assessments of the Commonwealth Accountability Testing System under KRS 158.6453 or during a testing period established for the administration of additional district-wide assessments at the school, except if a principal determines that extenuating circumstances make an excused absence to pursue an educational enhancement opportunity appropriate.

(3) (a) If a student's parent, de facto custodian, or other person with legal custody or control of the student is a member of the United States Armed Forces, including a member of a state National Guard or a Reserve component called to federal active duty, a public school principal shall give the student:

1. An excused absence for one (1) day when the member is deployed; and

2. An additional excused absence for one (1) day when the service member returns from deployment.

(b) A student receiving an excused absence under this subsection shall have the opportunity to make up school work missed and shall not have his or her class grades adversely affected for lack of class attendance or class participation due to the excused absence.

(c) A student receiving an excused absence under this subsection shall be considered present in school during the excused absence for the purposes of calculating average daily attendance as defined by KRS 157.320 under the Support Education Excellence in Kentucky program.

Section 10. KRS 403.340 is amended to read as follows:

(1) As used in this section, "custody" means sole or joint custody, whether ordered by a court or agreed to by the parties.

(2) No motion to modify a custody decree shall be made earlier than two (2) years after its date, unless the court permits it to be made on the basis of affidavits that there is reason to believe that:

(a) The child's present environment may endanger seriously his physical, mental, moral, or emotional health; or

(b) The custodian appointed under the prior decree has placed the child with a de facto custodian.

(3) If a court of this state has jurisdiction pursuant to the Uniform Child Custody Jurisdiction Act, the court shall not modify a prior custody decree unless after

hearing it finds, upon the basis of facts that have arisen since the prior decree or that were unknown to the court at the time of entry of the prior decree, that a change has occurred in the circumstances of the child or his custodian, and that the modification is necessary to serve the best interests of the child. When determining if a change has occurred and whether a modification of custody is in the best interests of the child, the court shall consider the following:

(a) Whether the custodian agrees to the modification;

(b) Whether the child has been integrated into the family of the petitioner with consent of the custodian;

(c) The factors set forth in KRS 403.270(2) to determine the best interests of the child;

(d) Whether the child's present environment endangers seriously his physical, mental, moral, or emotional health;

(e) Whether the harm likely to be caused by a change of environment is outweighed by its advantages to him; and

(f) Whether the custodian has placed the child with a de facto custodian.

(4) In determining whether a child's present environment may endanger seriously his physical, mental, moral, or emotional health, the court shall consider all relevant factors, including, but not limited to:

(a) The interaction and interrelationship of the child with his parent or parents, his de facto custodian, his siblings, and any other person who may significantly affect the child's best interests;

(b) The mental and physical health of all individuals involved;

(c) Repeated or substantial failure, without good cause as specified in KRS 403.240, of either parent to observe visitation, child support, or other provisions of the decree which affect the child, except that modification of custody orders shall not be made solely on the basis of failure to comply with

visitation or child support provisions, or on the basis of which parent is more likely to allow visitation or pay child support;

(d) If domestic violence and abuse, as defined in KRS 403.720, is found by the court to exist, the extent to which the domestic violence and abuse has affected the child and the child's relationship to both parents.

(5) ***(a) Except as provided in paragraph (b) of this subsection, any court-ordered modification of a child custody decree, based in whole or in part on:***

1. The active duty of a parent or a de facto custodian as a regular member of the United States Armed Forces deployed outside the United States; or

2. Any federal active duty of a parent or a de facto custodian as a member of a state National Guard or a Reserve component;

shall be temporary and shall revert back to the previous child custody decree at the end of the deployment outside the United States or the federal active duty, as appropriate.

(b) A parent or de facto custodian identified in paragraph (a) of this subsection may consent to a modification of a child custody decree that continues past the end of the deployment outside the United States or the federal active duty, as appropriate.

(6) Attorney fees and costs shall be assessed against a party seeking modification if the court finds that the modification action is vexatious and constitutes harassment.

Section 11. KRS 341.370 is amended to read as follows:

(1) A worker shall be disqualified from receiving benefits for the duration of any period of unemployment with respect to which:

(a) He has failed without good cause either to apply for available, suitable work when so directed by the employment office or the secretary or to accept

suitable work when offered him, or to return to his customary self-employment when so directed by the secretary; or

(b) He has been discharged for misconduct or dishonesty connected with his most recent work, or from any work which occurred after the first day of the worker's base period and which last preceded his most recent work, but legitimate activity in connection with labor organizations or failure to join a company union shall not be construed as misconduct; or

(c) He has left his most recent suitable work or any other suitable work which occurred after the first day of the worker's base period and which last preceded his most recent work voluntarily without good cause attributable to the employment. No otherwise eligible worker shall be disqualified from receiving benefits for***:***

1. Leaving his next most recent suitable work which was concurrent with his most recent work***;***~~[, or for]~~

2. Leaving work which is one hundred (100) road miles or more, as measured on a one (1) way basis, from his home to accept work which is less than one hundred (100) road miles from his home***;***~~[, or for otherwise]~~

3. Accepting work which is a bona fide job offer with a reasonable expectation of continued employment***; or***

4. a. Leaving work to accompany the worker's spouse to a different state when the spouse is reassigned by the military.

b. Subdivision a. of this subparagraph shall apply only if the state of relocation has adopted a statute substantially similar to that subdivision.

(2) A worker shall be disqualified from receiving benefits for any week with respect to which he knowingly made a false statement to establish his right to or the amount

of his benefits, and, within the succeeding twenty-four (24) months, for the additional weeks immediately following the date of discovery, not to exceed a total of fifty-two (52), as may be determined by the secretary.

(3) No worker shall be disqualified under paragraph (b) or (c) of subsection (1) of this section unless the employer, within a reasonable time as prescribed by regulations promulgated by the secretary, notifies the Cabinet for Workforce Development and the worker in writing of the alleged voluntary quitting or the discharge for misconduct. Nothing in this subsection shall restrict the right of the secretary to disqualify a worker whose employer has refused or failed to notify the Cabinet for Workforce Development of the alleged voluntary quitting or discharge for misconduct, if the alleged voluntary quitting or discharge for misconduct is known to the secretary prior to the time benefits are paid to the worker. The exercise of the right by the secretary, in the absence of timely notice from the employer, shall not relieve the employer's reserve account or reimbursing employer's account of benefit charges under the provisions of subsection (3) of KRS 341.530.

(4) As used in this section and in subsection (3) of KRS 341.530, "most recent" work shall be construed as that work which occurred after the first day of the worker's base period and which last preceded the week of unemployment with respect to which benefits are claimed; except that, if the work last preceding the week of unemployment was seasonal, intermittent, or temporary in nature, most recent work may be construed as that work last preceding the seasonal, intermittent, or temporary work.

(5) No worker shall be disqualified or held ineligible under the provisions of this section or KRS 341.350, who is separated from employment pursuant to a labor management contract or agreement, or pursuant to an established employer plan, program, or policy, which permits the employer to close the plant or facility for purposes of vacation or maintenance.

(6) "Discharge for misconduct" as used in this section shall include but not be limited to, separation initiated by an employer for falsification of an employment application to obtain employment through subterfuge; knowing violation of a reasonable and uniformly enforced rule of an employer; unsatisfactory attendance if the worker cannot show good cause for absences or tardiness; damaging the employer's property through gross negligence; refusing to obey reasonable instructions; reporting to work under the influence of alcohol or drugs or consuming alcohol or drugs on employer's premises during working hours; conduct endangering safety of self or co-workers; and incarceration in jail following conviction of a misdemeanor or felony by a court of competent jurisdiction, which results in missing at least five (5) days work.

(7) "Duration of any period of unemployment," as that term is used in this section, shall be the period of time beginning with the worker's discharge, voluntary quitting, or failure to apply for or accept suitable work and running until the worker has worked in each of ten (10) weeks, whether or not consecutive, and has earned ten (10) times his weekly benefit rate in employment covered under the provisions of this chapter or a similar law of another state or of the United States.

Section 12. KRS 61.315 is amended to read as follows:

(1) As used in this section, "police officer" means every paid police officer, sheriff, or deputy sheriff, corrections employee with the power of a peace officer pursuant to KRS 196.037, any auxiliary police officer appointed pursuant to KRS 95.445, or any citation or safety officer appointed pursuant to KRS 83A.087 and 83A.088, elected to office, or employed by any county, airport board created pursuant to KRS Chapter 183, city, or by the state; "firefighter" means every paid firefighter or volunteer firefighter who is employed by or volunteers his services to the state, airport board created pursuant to KRS Chapter 183, any county, city, fire district, or any other organized fire department recognized, pursuant to KRS 95A.262, as a fire

department operated and maintained on a nonprofit basis in the interest of the health and safety of the inhabitants of the Commonwealth and shall include qualified civilian firefighters employed at Kentucky-based military installations.

(2) The spouse of any police officer, sheriff, deputy sheriff, corrections employee with the power of a peace officer pursuant to KRS 196.037, any auxiliary police officer appointed pursuant to KRS 95.445, or any citation or safety officer appointed pursuant to KRS 83A.087 and 83A.088, firefighter, or member of the Kentucky National Guard on state active duty pursuant to KRS 38.030***, or a member of a state National Guard or a Reserve component on federal active duty who names Kentucky as Home of Record for military purposes***, whose death occurs on or after July 1, 2002, as a direct result of an act in the line of duty shall receive a lump-sum payment of ***eighty thousand dollars ($80,000)***[~~seventy-five thousand dollars ($75,000)~~] if there are no surviving children, which sum shall be paid by the State Treasurer from the general expenditure fund of the State Treasury. If there are surviving children and a surviving spouse, the payment shall be apportioned equally among the surviving children and the spouse. If there is no surviving spouse, the payment shall be made to the surviving children, eighteen (18) or more years of age. For surviving children less than eighteen (18) years of age, the State Treasurer shall:

(a) Pay ***thirty-five***[~~thirty~~] thousand dollars ***($35,000)***[~~($30,000)~~] to the surviving children; and

(b) Hold forty-five thousand dollars ($45,000) in trust divided into equal accounts at appropriate interest rates for each surviving child until the child reaches the age of eighteen (18) years.

If a child dies before reaching the age of eighteen (18) years, his account shall be paid to his estate. If there are no surviving children, the payment shall be made to any parents of the deceased.

(3) The Commission on Fire Protection Personnel Standards and Education shall be authorized to promulgate administrative regulations establishing criteria and procedures applicable to the administration of this section as it pertains to both paid and volunteer firefighters, including, but not limited to, defining when a firefighter has died in line of duty. Administrative hearings promulgated by administrative regulation under authority of this subsection shall be conducted in accordance with KRS Chapter 13B.

(4) The Justice Cabinet may promulgate administrative regulations establishing criteria and procedures applicable to the administration of this section as it pertains to police officers, including, but not limited to, defining when a police officer has died in line of duty. Administrative hearings promulgated by administrative regulation under authority of this subsection shall be conducted in accordance with KRS Chapter 13B.

(5) The Department of Corrections shall promulgate administrative regulations establishing the criteria and procedures applicable to the administration of this section as it pertains to correctional employees, including, but not limited to, defining which employees qualify for coverage and which circumstances constitute death in the line of duty.

(6) The benefits payable under this section shall be in addition to any benefits now or hereafter prescribed under any police, sheriff, firefighter's, volunteer firefighter's, or National Guard ***or Reserve*** retirement or benefit fund established by the federal government or by any state, county, or any municipality.

(7) Any funds appropriated for the purpose of paying the death benefits described in subsection (2) of this section shall be allotted to a self-insuring account. These funds shall not be used for the purpose of purchasing insurance.

SECTION 13. A NEW SECTION OF KRS CHAPTER 40 IS CREATED TO READ AS FOLLOWS:

No later than June 30, 2008, the Kentucky Department of Veterans' Affairs shall employ no fewer than five (5) veterans' benefits regional administrators and no fewer than twenty (20) veterans' benefits field representatives.

(1) The duties of a veterans' benefits regional administrator shall include but not be limited to supervision of veterans' benefits field representatives in an assigned region and representation of veterans in administrative hearings and before the Board of Veterans' Appeals.

(2) The duties of a veterans' benefits field representative shall include but not be limited to providing assistance to veterans and their dependents with initiation, preparation, documentation, and adjudication of claims to benefits under federal, state, or local laws.

Section 14. KRS 186.020 is amended to read as follows:

(1) Before the owner of a motor vehicle, other than a motor vehicle engaged in the transportation of passengers for hire operating under a certificate of convenience and necessity, may operate it or permit its operation upon a highway, the owner shall apply for registration in accordance with administrative regulations promulgated by the cabinet, except that a person who purchases a motor vehicle, or brings a motor vehicle into the Commonwealth from another state shall make application for registration within fifteen (15) days. The bill of sale or assigned title must be in the motor vehicle during this fifteen (15) day period. If the owner of a motor vehicle is an individual and resides in the Commonwealth, the motor vehicle shall be registered with the county clerk of the county in which he resides. If the owner of a motor vehicle does not reside in the Commonwealth, the motor vehicle shall be registered with the county clerk of the county in which the motor vehicle is principally operated. If the owner of a motor vehicle is other than an individual and resides in the Commonwealth, the motor vehicle shall be registered with the county

clerk of either county. The application when presented to the county clerk for registration shall be accompanied by:

(a) A bill of sale and a manufacturer's certificate of origin if the application is for the registration of a new motor vehicle;

(b) The owner's registration receipt, if the motor vehicle was last registered in this state;

(c) A bill of sale and the previous registration receipt, if last registered in another state where the law of that state does not require the owner of a motor vehicle to obtain a certificate of title or ownership;

(d) A certificate of title, if last registered in another state where the law of that state requires the owner of a motor vehicle to obtain a certificate of title or ownership;

(e) An affidavit from an officer of a local government saying that the motor vehicle has been abandoned and that the provisions of KRS 82.630 have been complied with, for local governments which elect to use the provisions of KRS 82.600 to 82.640; and

(f) The application from a person who has brought a motor vehicle into the Commonwealth from another state shall be accompanied by proof that the motor vehicle is insured in compliance with KRS 304.39-080.

(2) After that, ***except as provided in subsection (6) of this section,*** the owner of any motor vehicle registered under KRS 186.050(1) or (2) shall register his motor vehicle on or before the date on which his certificate of registration expires. If, before operating the motor vehicle in this state, the owner registers it at some later date and pays the fee for the full year, he will be deemed to have complied with the law. Insofar as the owner is concerned, registration with the clerk shall be deemed to be registration with the cabinet.

(3) After that, the owner of any commercial vehicle registered under KRS 186.050(3) to (14) shall register his commercial vehicle on or before April 1 of each year. If, before operating a commercial vehicle in this state, the owner registers it at some later date and pays the required fee, he will be deemed to have complied with the law. Insofar as the owner is concerned, registration with the clerk shall be deemed to be registration with the cabinet, except the owner of any commercial motor vehicle to be registered pursuant to the International Registration Plan under KRS 186.050(13) shall register his commercial motor vehicles on or before the last day of the month of registration established pursuant to KRS 186.051(3).

(4) The application and documents presented therewith, including the sheriff's certificate of inspection, shall be affixed to the Transportation Cabinet copy of the certificate of title or registration and sent to the Transportation Cabinet by the clerk.

(5) At least forty-five (45) days prior to the expiration of registration of any motor vehicle previously registered in the Commonwealth as provided by KRS 186A.035, the owner of the vehicle shall be notified by mail on the same notice required by KRS 134.805(5) of the date of expiration. In addition, the department shall provide appropriate forms and information to permit renewal of motor vehicle registration to be completed by mail. Any registration renewal by mail shall require payment of an additional two dollar ($2) fee which shall be received by the county clerk. Nonreceipt of the notice herein shall not constitute a defense to any registration related offense.

(6) (a) If an individual has been serving in the United States military stationed or assigned to a base or other location outside the boundaries of the United States, he or she shall renew the registration on the vehicle within thirty (30) days of his or her return, if:

1. The motor vehicle has been stored on a military base during the time of deployment and has not been operated on the public highways during that time; and

2. The vehicle's registration expired during the individual's absence.

(b) An individual who meets the criteria in paragraph (a) of this subsection shall not be convicted or cited for driving a vehicle with expired registration within thirty (30) days after the individual's return to the Commonwealth if the individual can provide proof of meeting the eligibility criteria under paragraph (a) of this subsection.

(c) When an individual presents evidence of meeting the criteria under paragraph (a) of this subsection when applying to renew the registration on the motor vehicle, the county clerk:

1. Shall not charge the individual any penalties or interest or lien filing fees for delinquent ad valorem taxes that have accrued under Section 15 of this Part;

2. Shall remove, without charge, any lien for delinquent taxes filed under the provisions of Section 15 of this Part; and

3. Shall, when applicable, treat the registration as a prorated renewal under KRS 186.051, and charge the individual a registration fee only for the number of months of the registration year the vehicle will be used on the public highways.

Section 15. KRS 134.148 is amended to read as follows:

(1) The sheriff may, at the time he settles his accounts with the fiscal court, pursuant to KRS 134.310 provide the county clerk with a list of taxpayers whose tax bills on motor vehicles or trailers are delinquent.

(2) ***Except as provided for in subsection (6) of Section 14 of this Part,*** the county clerk may file a lien on such vehicle or trailer on behalf of the state, county, city,

special district and school district and record such lien on the face of the certificate of title and registration and in the manner in which lis pendens are recorded. Delinquent tax bills shall be subject to interest at the rate of one percent (1%) per month or fraction thereof from the date the lien is filed until paid.

(3) (a) No licensed automobile dealer shall be responsible for any tax lien not recorded on the certificate of title and registration presented to the dealer by the seller at the time of the dealer's purchase of the motor vehicle or trailer.

(b) In the event that a tax lien was recorded on the clerk's copy of the certificate of title and registration, but not on the copy of the certificate of title and registration presented to the dealer by the seller at the time of the dealer's purchase of the motor vehicle or trailer, prior to the purchase of the motor vehicle or trailer by the dealer, upon presentation of proof to the county clerk that such was the case, the county clerk shall file such proof with his copy of the certificate of title and registration and shall remove the lien.

(4) In the event that a bona fide purchaser for value without notice purchases a motor vehicle or a trailer on which no lien has been filed on the certificate of title of such motor vehicle or trailer as provided for in subsection (2) of this section, such person shall not be held responsible for paying delinquent ad valorem taxes or lien fees on the certificate of title of such motor vehicle or trailer if such lien was placed on the certificate of title after same person's purchase of the motor vehicle or trailer.

(5) Upon proof being presented to the county clerk that the motor vehicle or trailer was transferred to a bona fide purchaser for value without notice prior to the placing of a lien on a certificate of title and registration, the clerk shall file such proof with the certificate of title and registration and shall then remove the lien.

(6) ***Except as provided for in subsection (6) of Section 14 of this Part,*** the lien filing fee, as provided for in KRS 64.012, shall be added to the tax bill and be payable

with the lien releasing fee by the registrant at the time of payment of the delinquent tax to the county clerk.

(7) The county clerk shall give a receipt to the registrant and make a report to the Department of Revenue, the county treasurer and the other proper officials of all taxing districts that are due proceeds from the payment on the last working day of each month. He shall pay to the Department of Revenue for deposit with the State Treasurer all moneys collected by him due to the state, to the county treasurer, all moneys due to the county and to the proper officials of all other taxing districts, the amount due each district. He shall pay the amount of fees, costs, commissions, and penalties to the persons, agencies or parties entitled thereto.

Section 16. 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, 2004, exclusive of any amendments made subsequent to that date, other than amendments that extend provisions in effect on December 31, 2004, 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 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:

(a) Include interest income derived from obligations of sister states and political subdivisions thereof; and

(b) 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;~~[and]~~

(s) Exclude state Phase II payments received by a producer of tobacco or a tobacco quota owner; ***and***

(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;

(11) "Net income" in the case of taxpayers other than corporations means adjusted gross income as defined in subsection (10) of this section, minus the standard deduction

allowed by KRS 141.081, or, at the option of the taxpayer, minus the deduction allowed by KRS 141.0202, minus any amount paid for vouchers or similar instruments that provide health insurance coverage to employees or their families, and 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) 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) 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) The deduction for personal exemptions allowed under Section 151 of the Internal Revenue Code and any other deductions in lieu thereof; and

(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;

(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) Exclude the distributive share income or loss received from a corporation subject to 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 the deduction allowed by KRS 141.0202, minus any amount paid for vouchers or similar instruments that provide health insurance coverage to employees or their families, and 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:

(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;

(b) The deductions contained in Sections 243, 244, 245, and 247 of the Internal Revenue Code;

(c) The provisions of Section 281 of the Internal Revenue Code shall be ignored in computing net income;

(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;

(e) Exclude expenses related to "safe harbor leases" (Section 168(f)(8) of the Internal Revenue Code);

(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; and

(g) Any deduction prohibited by KRS 141.205;

(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;

(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) "Corporations" means:

(a) "Corporations" as defined in Section 7701(a)(3) of the Internal Revenue Code;

(b) S corporations as defined in Section 1361(a) of the Internal Revenue Code;

(c) A foreign limited liability company as defined in KRS 275.015(6);

(d) A limited liability company as defined in KRS 275.015(8);

(e) A professional limited liability company as defined in KRS 275.015(19);

(f) A foreign limited partnership as defined in KRS 362.401(4);

(g) A limited partnership as defined in KRS 362.401(7);

(h) A registered limited liability partnership as defined in KRS 362.155(7);

(i) A real estate investment trust as defined in Section 856 of the Internal Revenue Code;

(j) A regulated investment company as defined in Section 851 of the Internal Revenue Code;

(k) A real estate mortgage investment conduit as defined in Section 860D of the Internal Revenue Code;

(l) A financial asset securitization investment trust as defined in Section 860L of the Internal Revenue Code; and

(m) Other similar entities created with limited liability for their partners, members, or shareholders.

"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. "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 general partnership 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

(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) "Cost of goods sold" means the cost of goods sold calculated using the same method specified by the Internal Revenue Service for the purpose of computing federal income tax. In determining cost of goods sold:

(a) Labor costs shall be limited to direct labor costs as defined in subsection (28) of this section; and

(b) Bulk delivery costs as defined in subsection (29) of this section may be included;

(27) "Kentucky gross profits" means Kentucky gross receipts reduced by returns and allowances attributable to Kentucky gross receipts, less the cost of goods sold attributable to Kentucky gross receipts;

(28) "Direct labor" means labor that is incorporated into the product sold or is an integral part of the manufacturing process; and

(29) "Bulk delivery costs" means the cost of delivering the product to the consumer if the product is delivered in bulk and requires specialized equipment that generally precludes commercial shipping and is taxable under KRS 138.220.

Section 17. The amendment in Section 12 of this Part shall apply retroactively to July 1, 2002.

Section 18. The amendment in Section 16 of this Part is applicable for tax years beginning after December 31, 2001.

PART XXIX

SELF-INSURED PLAN FOR STATE EMPLOYEES

Notwithstanding KRS 48.310, the following statute is created to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

SECTION 1. A NEW SECTION OF KRS CHAPTER 18A IS CREATED TO READ AS FOLLOWS:

(1) Based on the recommendation of the secretary of the Personnel Cabinet, the secretary of the Finance and Administration Cabinet, in lieu of contracting with

one (1) or more insurers licensed to do business in this state, shall procure, in compliance with KRS 45A.080, 45A.085, and 45A.090, and reviewed by the Government Contract Review Committee pursuant to KRS 45A.705, a contract with one (1) or more third-party administrators licensed to do business in the Commonwealth pursuant to KRS 304.9-052 to administer a self-insured plan offered to the Public Employee Health Insurance Program for public employees. The requirements for the self-insured plan shall be as follows:

(a) The secretary of the Personnel Cabinet shall incorporate by reference in an administrative regulation, pursuant to KRS 13A.2251, the summary plan description for public employees covered under the self-insured plan. Prior to filing an administrative regulation with the Legislative Research Commission, the secretary of the Personnel Cabinet shall submit the administrative regulation to the secretary of the Cabinet for Health and Family Services for review;

(b) The self-insured plan offered by the program shall cover hospice care at least equal to the Medicare benefit;

(c) The Personnel Cabinet shall provide written notice of any formulary change to employees covered under the self-insured plan who are directly impacted by the formulary change and to the Kentucky Group Health Insurance Board fifteen (15) days before implementation of any formulary change. If, after consulting with his or her physician, the employee still disagrees with the formulary change, the employee shall have the right to appeal the change. The employee shall have sixty (60) days from the date of the notice of the formulary change to file an appeal with the Personnel Cabinet. The cabinet shall render a decision within thirty (30) days from the receipt of the request for an appeal. After a final decision is rendered by the Personnel Cabinet, the employee shall have a right to file an appeal

pursuant to the utilization review statutes in KRS 304.17A-600 to 304.17A-633. During the appeal process, the employee shall have the right to continue to take any drug prescribed by his or her physician that is the subject of the formulary changes;

(d) The Personnel Cabinet shall develop the necessary capabilities to ensure that an independent review of each formulary change is conducted and includes but is not limited to an evaluation of the fiscal impact and therapeutic benefit of the formulary change. The independent review shall be conducted by knowledgeable medical professionals and the results of the independent review shall be posted on the Web sites of the Personnel Cabinet and the Cabinet for Health and Family Services and made available to the public upon request within thirty (30) days of the notice from the Personnel Cabinet required in paragraph (c) of this subsection;

(e) If the self-insured plan restricts pharmacy benefits to a drug formulary, the plan shall comply with and have an exceptions policy in accordance with KRS 304.17A-535;

(f) Premiums for all plans offered by the Public Employee Health Insurance Program to employees shall be based on the experience of the entire group;

(g) The plan year for the Public Employee Health Insurance Program, whether for fully insured or self-insured benefits, shall be on a calendar year basis.

(2) In addition to any fully insured health benefit plans or self-insured plans, beginning January 1, 2007, the Personnel Cabinet shall offer a health reimbursement account for public employees insured under the Public Employee Health Insurance Program.

(a) If a public employee waives coverage provided by his or her employer under the Public Employee Health Insurance Program, the employer shall forward a monthly amount to be determined by the secretary of the

Personnel Cabinet, but not less than one hundred seventy-five dollars ($175), for that employee as an employer contribution to the health reimbursement account.

(b) The administrative fees associated with the health reimbursement account shall be an authorized expense to be charged to the public employee health insurance trust fund.

(3) (a) The public employee health insurance trust fund is established in the Personnel Cabinet. The purpose of the public employee health insurance trust fund is to provide funds to pay medical claims and other costs associated with the administration of the Public Employee Health Insurance Program self-insured plan under a competitively bid contract as provided by KRS Chapter 45A and reviewed by the Government Contract Review Committee pursuant to KRS 45A.705. The trust fund shall not utilize funds for any other purpose, except by approval of the General Assembly. The following moneys shall be directly deposited into the trust fund:

1. Employer and employee premiums collected under the self-insured plan;

2. Interest and investment returns earned by the self-insured plan;

3. Rebates and refunds attributed to the self-insured plan; and

4. All other receipts attributed to the self-insured plan.

(b) Any balance remaining in the public employee health insurance trust fund at the end of a fiscal year shall not lapse. Any balance remaining at the end of a fiscal year shall be carried forward to the next fiscal year and be used solely for the purpose established in paragraph (a) of this subsection. The balance of funds in the public employee health insurance trust fund shall be invested by the Office of Financial Management consistent with the

provisions of KRS Chapter 42, and interest income shall be credited to the trust fund.

(c) The Auditor of Public Accounts shall be responsible for a financial audit of the books and records of the trust fund. The audit shall be conducted in accordance with generally accepted accounting principles[~~***, shall be paid for by the trust fund,***~~***]*** *(Veto #29)* ***and shall be completed within ninety (90) days of the close of the fiscal year. All audit reports shall be filed with the Governor, the President of the Senate, the Speaker of the House of Representatives, and the secretary of the Personnel Cabinet.***

(d) [~~***Within thirty (30) days of the end of each calendar quarter, ***~~***]*** *(Veto #30)* ***the secretary of the Personnel Cabinet shall file a report on the status of the trust fund with the Governor, the Interim Joint Committee on Appropriations and Revenue, the Kentucky Group Health Insurance Board, and the Advisory Committee of State Health Insurance Subscribers. The first status report shall be submitted no later than July 30, 2006. The report shall include the following:***

1. The current balance of the trust fund;

2. A detailed description of all income to the trust fund since the last report;

3. A detailed description of any receipts due to the trust fund;

4. A total amount of payments made for medical claims from the trust fund;

5. A detailed description of all payments made to the third-party administrator of the self-insured plan by the trust fund;

6. Current enrollment data, including monthly enrollment since the last report, of the Public Employee Health Insurance Program self-insured plan;

7. Any other information the secretary may include;

8. Any other information requested by the Interim Joint Committee on Appropriations and Revenue concerning the operation of the Public Employee Health Insurance Program self-funded plan or the trust fund; and

9. In addition to the information required under subparagraphs 1. to 8. of this paragraph, the quarterly report filed in July and January shall also include the following:

a. A projection of the medical claims incurred but not yet reported that are considered liabilities to the trust fund;

b. A statement of any other trust fund liabilities;

c. A detailed calculation outlining proposed premium rates for the next plan year, including base claims, trend assumptions, administrative fees, and any proposed plan or benefit changes; and

d. A detailed description of the current in-state and out-of-state networks provided under the plan, any changes to the networks since the last report, and any proposed changes to the in-state or out-of-state networks during the next six (6) months.

e. Specific data regarding the third-party administrator's performance under the contract. The data shall include the following:

1. Any results or outcomes of disease management and wellness programs;

2. Results of case management audits and educational and communication efforts; and

3. Comparison of actual measurable results to contract

performance guarantees.

PART XXX

TAX INCREMENT FINANCING

Notwithstanding KRS 48.310, the following statute is amended to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

Section 1. KRS 65.490 is amended to read as follows:

As used in KRS 65.490 to 65.499, unless the context otherwise requires:

(1) "Agency" means an urban renewal and community development agency of a taxing district located within a county containing a consolidated local government or a city of the first class, established under KRS Chapter 99; a development authority located within a county containing a consolidated local government or a city of the first class established under KRS Chapter 99; a nonprofit corporation located within a county containing a consolidated local government or a city of the first class ~~[established under KRS Chapter 58]~~; or a designated department, division, or office of a county containing a consolidated local government or of a city of the first class;

(2) "Development area" means an area no less than one (1) square mile, nor more than six (6) square miles, designated in need of public improvements by a local or state government in a county containing a consolidated local government or a city of the first class, a project area as defined in KRS 99.615, or a public project as defined in KRS 58.010 in a county containing a consolidated local government or a city of the first class. "Development area" includes an existing economic development asset;

(3) "Increment" means that amount of money received by any taxing district or the state that is determined by subtracting the amount of old revenues from the amount of new revenues in any year for which a taxing district or the state and an agency have agreed upon under the terms of a contract of release or a grant contract;

(4) "Local government" means a county containing a consolidated local government or a city of the first class;

(5) "New revenues" means the revenues received by any taxing district or the state from a development area in any year after the establishment of the development area;

(6) "Old revenues" means the amount of revenues received by any taxing district or the state from a development area in the last year prior to the establishment of the development area;

(7) "Project" means any urban renewal, redevelopment, or public project undertaken in accordance with the provisions of KRS 65.490 to 65.497, any project undertaken in accordance with KRS 99.610 to 99.680, ~~[or]~~ any project undertaken in accordance with the provisions of KRS Chapter 58; ***or any "public project" as that term is defined in KRS 58.010 undertaken by a nonprofit corporation located within a county containing a consolidated local government or a city of the first class;***

(8) "Release" or "contract of release" or "grant contract" means that agreement by which a taxing district or the state permits the payment to an agency of a portion of increments or an amount equal to a portion of increments received by it in return for the benefits accrued to the taxing district or the state by reason of a project undertaken by an agency in a development area;

(9) "Taxing district" means a consolidated local government, a county containing a city of the first class, a city of the first class that encompasses all or part of a development area, or the state, but does not mean a school district; and

(10) "Pilot program" means a tax increment financing program or a grant program created by an agency within a consolidated local government or a county containing a city of the first class which shall exist for a period of twenty (20) years after which time it shall continue only after reauthorization by the General Assembly.

PART XXXI

KENTUCKY PREPAID TUITION TRUST FUND

Notwithstanding KRS 48.310, the following statutes are amended or created to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

Section 1. KRS 164A.700 is amended to read as follows:

As used in KRS 164A.700 to 164A.709, unless the context requires otherwise:

(1) "Academic year" means the time period specified by each eligible educational institution;

(2) "Board" means the board of directors of the Kentucky Higher Education Assistance Authority acting in the capacity of the board of directors of the Commonwealth postsecondary education prepaid tuition trust fund;

(3) "Eligible educational institution" means an institution defined in the Internal Revenue Code of 1986, as amended, 26 U.S.C. sec. 529(e)(5);

(4) "Fund" means the prepaid tuition payment fund created in KRS 164A.701 and known as the "Commonwealth Postsecondary Education Prepaid Tuition Trust Fund" ***or***~~[which shall be marketed under the name]~~ "Kentucky's Affordable Prepaid Tuition" ***(KAPT)***;

(5) "Prepaid tuition" means the amount of tuition estimated by the board for the tuition plan under the prepaid tuition contract;

(6) "Prepaid tuition academic year conversion" means the difference between the amount of prepaid tuition required in the original prepaid tuition contract and the amount of prepaid tuition required in an amended prepaid tuition contract as the result of the change in the academic year;

(7) "Prepaid tuition academic year conversion shortfall" means the amount by which the prepaid tuition required in an amended prepaid tuition contract as the result of the change in the academic year exceeds the amount of prepaid tuition required in the original prepaid tuition contract;

(8) "Prepaid tuition account" means the account for a qualified beneficiary as specified in the prepaid tuition contract;

(9) "Prepaid tuition contract" means the contract entered into by the board and the purchaser for the purchase of prepaid tuition for a qualified beneficiary to attend any eligible educational institution as provided in KRS 164A.700 to 164A.709;

(10) "Prepaid tuition conversion" means the difference between the value of a prepaid tuition account and the tuition at an eligible educational institution;

(11) "Prepaid tuition conversion shortfall" means the amount by which the actual tuition cost at an eligible educational institution exceeds the amount of the value of a prepaid tuition account;

(12) "Purchaser" means a person, corporation, association, partnership, or other legal entity who enters into a prepaid tuition contract;

(13) "Qualified beneficiary" means a designated beneficiary, as defined in 26 U.S.C. sec. 529(e)(1), who is:

(a) A Kentucky resident designated as beneficiary at the time a purchaser enters into a prepaid tuition contract; or

(b) A nonresident designated at the time a purchaser enters into a prepaid tuition contract who intends to attend an eligible institution in Kentucky; or

(c) A new beneficiary, in the case of a change of beneficiaries under provisions of KRS 164A.707; or

(d) An individual receiving a scholarship in the case of a prepaid tuition contract purchased by a state or local government or agency or instrumentality thereof or an organization described in 26 U.S.C. sec. 501(c)(3), and exempt from federal income taxation pursuant to 26 U.S.C. sec. 501(a) as part of a scholarship program offered by the government entity or the organization;

(14) "Qualified postsecondary education expenses" means qualified higher education expenses as defined in 26 U.S.C. sec. 529(e)(3);

(15) "Tuition" means the prevailing tuition and all mandatory fees charged as a condition of full-time enrollment in an undergraduate program for an academic year for a qualified beneficiary to attend an eligible educational institution;

(16) "Tuition Account Program Office" or "office" means the office in the Kentucky Higher Education Assistance Authority that is responsible for administering the prepaid tuition program and its accounts;

(17) "Tuition plan" means a tuition plan approved by the board and provided under a prepaid tuition contract; and

(18) "Value of a prepaid tuition account" means the amount which the fund is obligated to pay for tuition for an academic period based on full payment of the purchaser's tuition plan; except, under a tuition plan for private colleges and universities, tuition shall be calculated based on the same percentage that University of Kentucky tuition is increased from the year the prepaid tuition contract is purchased to the year of payment.

SECTION 2. A NEW SECTION OF KRS 164A.700 TO 164A.709 IS CREATED TO READ AS FOLLOWS:

(1) (a) All prepaid tuition contracts in existence on the effective date of this Act shall be supported by the full faith and credit of the Commonwealth.

(b) If the report of the actuary submitted under subsection (7) of Section 4 of this Part reflects that there will be a real liability expected to accrue for contracts in existence on the effective date of this Act during the next biennium, the secretary of the Finance and Administration Cabinet shall include in the budget request for the cabinet an appropriation to the board in an amount necessary to meet the real liability in each fiscal year of the biennium, and the General Assembly shall appropriate the necessary funds to meet the liability.

(2) (a) New contracts entered into after the effective date of this Act for a tuition plan approved by the board shall contain actuarially sound premiums sufficient to prevent their contribution to a program fund deficit.

(b) Payments received from contracts entered into after the effective date of this Act shall be maintained separately from contracts in existence on the effective date of this Act.

(c) The Commonwealth shall have no obligation to support contracts entered into after the effective date of this Act with appropriations if a shortfall occurs.

Section 3. KRS 164A.701 is amended to read as follows:

(1) (a) There is hereby created an instrumentality of the Commonwealth to be known as the "Commonwealth postsecondary education prepaid tuition trust fund", to be governed by ***the***[a] board[of directors] and administered by the Tuition Account Program Office. The fund shall be attached to the Kentucky Higher Education Assistance Authority for administrative and reporting purposes, ***and***[but] shall be governed, managed, and administered as a separate and distinct instrumentality of the Commonwealth ***under the provisions of***[with its own powers specified in] KRS 164A.700 to 164A.709.

(b) The fund shall consist of payments received from prepaid tuition contracts under KRS 164A.700 to 164A.709. ***Payments received relating to contracts in existence on the effective date of this Act and income earned from the investment of those payments shall be maintained separately from payments received relating to contracts entered into after the effective date of this Act and*** income earned from the investment of ***those payments. Income earned from the investment of payments to*** the fund shall remain in the fund and be credited to it.

(c) Notwithstanding any other statute to the contrary, all moneys received under the authority of KRS 164A.700 to 164A.709 and 393.015 shall be deemed to be trust funds to be held and applied solely for payment to qualified beneficiaries and purchasers and to meet the expenses necessary for the administration and maintenance of the fund as provided in KRS 164A.700 to 164A.709.

(d) The fund shall not constitute an investment company as defined in KRS 291.010.

(e) Obligations under a prepaid tuition contract incurred in accordance with the provisions of KRS 164A.700 to 164A.709 shall not be deemed to constitute a debt, liability, or obligation of the Kentucky Higher Education Assistance Authority, but shall be payable solely from the fund. Each prepaid tuition contract shall contain a statement that the obligation shall be payable solely from the fund.

(2) The purposes of the fund are:

(a) To provide affordable access to participating institutions for the qualified beneficiaries; and

(b) To provide students and their parents economic protection against rising tuition costs.

(3) The Tuition Account Program Office and the facilities of the Kentucky Higher Education Assistance Authority shall be used and employed in the administration of the fund including, but not limited to, the keeping of records, the employment of staff to assist in the administration of the fund, the management of accounts and other investments, the transfer of funds, and the safekeeping of securities evidencing investments.~~[The Kentucky Higher Education Assistance Authority shall jointly market, as appropriate, the Commonwealth Prepaid Tuition Plan and the Savings Plan established in KRS 164A.300.]~~

(4) (a) Assets of the fund shall be invested in any of the following security types that are deemed appropriate by the board:

1. Government and agency bonds;
2. Investment grade asset-backed securities and corporate bonds;
3. Mortgages, excluding interest-only (IO), principal-only (PO), and inverse floaters; and
4. Equities.

(b) Equities shall constitute no greater than sixty percent (60%) of the entire portfolio, including up to ten percent (10%) in equities from outside the United States.

(c) The duration of the fixed-income portion of the portfolio shall reflect the future liability of the fund for tuition payments.

(d) Assets may be pooled for investment purposes with any other investment of the Commonwealth that is eligible for asset pooling.

(e) Leveraging is strictly prohibited.

(5) The board may receive and deposit into the fund gifts made by any individual or agency as deemed acceptable by the board together with funds that are obtained from sources legally available and determined by the board to be applicable for the purposes of KRS 164A.700 to 164A.709.

(6) There is created a separate account within the Kentucky Higher Education Assistance Authority to be known as the prepaid postsecondary tuition administrative account for the purposes of implementing and maintaining the fund.

(a) Moneys shall be transferred from the fund to the administrative account to meet the expenses necessary for the administration and maintenance of the fund. Expenses incurred by the board and the Tuition Account Program Office in carrying out the provisions of KRS 164A.700 to 164A.709 shall be made payable from the fund through the administrative account, and no

administrative expenses shall be incurred by the Kentucky Higher Education Assistance Authority beyond those for which moneys are provided by the fund.

(b)[~~ Funds may be transferred from the property abandoned under KRS Chapter 393 to the administrative account and shall be repaid to the abandoned property fund no later than three (3) years after the transfer.~~

~~(c)~~] The board may establish administrative fees for handling prepaid tuition contracts and deposit the ***funds attributable to the fees***[~~money~~] in ***the administrative***[~~this~~] account.

Section 4. KRS 164A.704 is amended to read as follows:

The board shall:

(1) Promulgate administrative regulations, set fees, and adopt procedures as are necessary to implement the provisions of KRS 164A.700 to 164A.709;

(2) Enter into contractual agreements, including contracts for legal, actuarial, financial, and consulting services;

(3) Invest moneys in the fund in any instruments, obligations, securities, or property as permitted by KRS 164A.701(4) and deemed appropriate by the board;

(4) Procure insurance to protect against any loss in connection with the fund's property, assets, or activities and to indemnify board members from personal loss or accountability from liability arising from any action or inaction as a board member;

(5) Make arrangements with eligible educational institutions in the Commonwealth to fulfill obligations under prepaid tuition contracts, including, but not limited to, payment from the fund of the tuition cost on behalf of a qualified beneficiary to attend an eligible educational institution in which the beneficiary is admitted and enrolled;

(6) Develop requirements, procedures, and guidelines regarding prepaid tuition contracts, including but not limited to, the termination, withdrawal, or transfer of

payments under a prepaid tuition contract; tuition shortfalls; number of participants; time limitations for prepaid tuition contracts and the use of tuition benefits; tuition conversions; payment schedules; payroll deductions; penalties for failure of purchasers to adhere to contracts; and transfer of prepaid tuition credits towards private education in the Commonwealth or for out-of-state institutions;

(7) Have the actuarial soundness of the fund evaluated by a nationally recognized independent actuary ***annually, by October 1 of each year, to***~~[on an annual basis and]~~ determine~~[prior to each academic year]~~:

(a) The amount of prepaid tuition for each tuition plan***;*** and for each eligible educational institution for specific academic years, the corresponding value; ~~[and]~~

(b) Whether additional assets are necessary to defray the obligations of the ***portion of the*** fund ***relating to contracts entered into before the effective date of this Act, and when those funds will be needed.***

1. For purposes of this paragraph, a "real liability expected to accrue during the next biennium" exists if the amount in the fund representing contracts entered into before the effective date of this Act is not sufficient to meet all anticipated distributions under contracts entered into before the effective date of this Act and the expense of maintaining and operating the fund for the upcoming biennium.

2. If the report of the actuary submitted in an odd-numbered year reflects that there will be a real liability expected to accrue during the next biennium, the secretary of the Finance and Administration Cabinet shall include in the budget request for the cabinet an appropriation to the board in an amount necessary to meet the real liability in each fiscal year of the biennium, and the General Assembly shall appropriate the necessary funds.

(c) Whether additional assets are necessary to defray the obligations of the portion of the fund relating to contracts entered into after the effective date of this Act, and when those funds will be needed. If the assets of the ***portion of the*** fund ***relating to contracts entered into after the effective date of this Act*** are insufficient to ensure the actuarial soundness of ***that portion of*** the fund, as reported by the actuary, the board shall adjust the price of subsequent purchases of prepaid tuition contracts to the extent necessary to restore the actuarial soundness of the fund. The board may suspend the sale of prepaid tuition contracts until the next annual actuarial evaluation is completed if the board determines the action is needed to restore the actuarial soundness of the fund. During a suspension of sales of contracts, the board and Tuition Account Program Office shall continue to service existing contract accounts and meet all obligations under existing prepaid tuition contracts; ***and***

(8) Make an annual report each year ***by November 1*** to the Legislative Research Commission ***and the Governor*** showing the fund's condition***, and whether additional assets will be necessary to defray the obligations of the fund***[~~;~~

~~(9) Market and promote participation in the fund; and~~

~~(10) Develop, sponsor, and maintain a scholarship program, if deemed feasible by the board, to provide the benefits of the fund to financially disadvantaged families and students of Kentucky under criteria established by the board to encourage students to obtain postsecondary education in Kentucky and otherwise consistent with the purposes of the fund~~].

Section 5. KRS 164A.705 is amended to read as follows:

(1) The prepaid tuition contract entered into by the purchaser and the board shall constitute an irrevocable pledge and guarantee by the fund to pay for the tuition of a qualified beneficiary upon acceptance and enrollment at an eligible educational institution in accordance with the tuition plan purchased.

(2) A board member~~[, officer of the fund,]~~ or ***any*** employee of the Tuition Account Program Office or the Kentucky Higher Education Assistance Authority shall not be subject to any personal liability by reason of his or her issuance or execution of a prepaid tuition contract under KRS 164A.700 to 164A.709.

(3) Under a tuition plan for private colleges and universities, tuition shall be paid based on the same percentage that University of Kentucky tuition is increased from the year the prepaid tuition contract is purchased to the year of payment.

(4) The purchaser or qualified beneficiary shall pay to the eligible educational institution the amount of any prepaid tuition academic year conversion shortfall and the amount of any prepaid tuition conversion shortfall.

(5) A qualified beneficiary attending an eligible educational institution may apply the value of a prepaid tuition account to a specific academic year at the maximum course load or maximum number of credit hours generally permitted to full-time undergraduates at that institution.

(6) The value of a prepaid tuition account remaining after tuition is paid may be used for other qualified educational expenses under administrative regulations promulgated by the board in compliance with 26 U.S.C. sec. 529. The board may permit the use of the value of a prepaid tuition account for part-time undergraduate enrollment or graduate programs at eligible educational institutions.

(7) ***If***~~[In the event]~~ a qualified beneficiary attends an eligible educational institution for which payment of tuition is not guaranteed by the fund in whole or in part, and if the cost of tuition exceeds the value of a prepaid tuition account, the fund shall have no responsibility to pay the difference. If the value of a prepaid tuition account exceeds the cost of tuition, the excess may be used for other qualified postsecondary education expenses as directed by the purchaser.

(8) The value of a prepaid tuition account shall not be used in calculating personal asset contribution for determining eligibility and need for student loan programs, student

grant programs, or other student aid programs administered by any agency of the Commonwealth, except as otherwise may be provided by federal law.

Section 6. KRS 164A.707 is amended to read as follows:

(1) Purchasers buying prepaid tuition for a qualified beneficiary shall enter into prepaid tuition contracts with the board. These contracts shall be in a form as shall be determined by the office. The contract shall provide for the purchase of a tuition plan for prepaid tuition for the qualified beneficiary from one (1) to five (5) specific academic years.~~ [Beginning on March 20, 2005, new prepaid tuition contracts entered into for a tuition plan approved by the board shall contain actuarially sound premiums sufficient to prevent their contribution to a program fund deficit. No general fund moneys or abandoned property funds shall be available for the support of the Commonwealth postsecondary education prepaid tuition trust fund.]~~

(2) Upon written notification to the office a purchaser may amend the prepaid tuition contract to change:

(a) The qualified beneficiary, in accordance with 26 U.S.C. sec. 529;

(b) The academic year or years for which prepaid tuition is purchased;

(c) A tuition plan designation to another tuition plan designation;

(d) The number of years for which prepaid tuition is purchased; or

(e) Other provisions of the prepaid tuition contract as permitted by the board.

(3) A prepaid tuition account shall not be subject to attachment, levy, or execution by any creditor of a purchaser or qualified beneficiary. Prepaid tuition accounts shall be exempt from all state and local taxes including, but not limited to, intangible personal property tax levied under KRS 132.020, individual income tax levied under KRS 141.020, and the inheritance tax levied under KRS Chapter 140. Payments from a prepaid tuition account used to pay qualified postsecondary education expenses, or disbursed due to the death or disability of the beneficiary, or receipt of a scholarship by the beneficiary shall be exempt from tax liabilities.

(4) Nothing in KRS 164A.700 to 164A.709 or in a prepaid tuition contract shall be construed as a promise or guarantee that a qualified beneficiary shall be admitted to an eligible educational institution, be allowed to continue to attend an eligible educational institution after having been admitted, or be graduated from an eligible educational institution.

(5) Prepaid tuition contract payments shall not be made in real or personal property other than cash and shall not exceed the prepaid tuition. Prepaid tuition contract payments may be made in ***a*** lump-sum ***or*** installments.

(6) The purchaser shall designate the qualified beneficiary at the time the purchaser enters into a prepaid tuition contract, except for a prepaid tuition contract purchased in accordance with KRS 164A.700(13)(d). In the case of gifts made to the fund, the board shall designate a qualified beneficiary at the time of the gift.

(7) The prepaid tuition contract shall provide that the purchaser and the qualified beneficiary shall not directly or indirectly or otherwise control the investment of the prepaid tuition account or earnings on the account. Payments made for prepaid tuition shall be accounted for separately for each qualified beneficiary. No interest or earnings on a prepaid tuition contract of the purchaser or qualified beneficiary shall be pledged or otherwise encumbered as security of a debt.

(8) A prepaid tuition contract does not constitute a security as defined in KRS 292.310 or an annuity as defined in KRS 304.5-030.

(9) Each prepaid tuition contract is subject to, and shall incorporate by reference, all operating procedures and policies adopted by the board, the statutes governing prepaid tuition contracts in KRS 164A.700 to 164A.709 and 393.015, and administrative regulations promulgated thereunder. Any amendments to statutes, administrative regulations, and operating procedures and policies shall automatically amend prepaid tuition contracts, with retroactive or prospective effect, as applicable.

Section 7. KRS 164A.709 is amended to read as follows:

(1) A purchaser may terminate a prepaid tuition contract at any time upon written request to the office.

(2) Upon termination of a prepaid tuition contract at the request of a purchaser, the office shall pay from the fund to the purchaser:

(a) The value of the prepaid tuition account if the contract is terminated for:

1. The death of the qualified beneficiary; or

2. The disability of the qualified beneficiary that, in the opinion of the office, would make attendance by the beneficiary at an eligible educational institution impossible or unreasonably burdensome; or

3. A request made on or after July 1 of the initial projected year of enrollment of the qualified beneficiary; and

(b) The amounts paid on the purchaser's prepaid tuition contract if the contract is terminated and a request for refund is made before July 1 of the qualified beneficiary's initial projected year of enrollment. The board may determine a rate of interest to accrue for payment on the amount otherwise payable under this paragraph.

(3) At the option of the purchaser, the value of the prepaid tuition account may be carried forward to another academic year or distributed by the fund upon the purchaser's request.

(4) All refunds paid shall be net of administrative fees as determined by the board. The office may impose a fee upon termination of the account for administrative costs and deduct the fee from the amount otherwise payable under this section.

(5) If a qualified beneficiary is awarded a scholarship that covers tuition costs included in a prepaid tuition contract, the purchaser may request a refund consisting of the amount of the value of the prepaid tuition account, not to exceed the amount of the scholarship.

(6) If the purchaser wishes to transfer funds from the prepaid tuition account to the Kentucky Educational Savings Plan Trust, the purchaser may do so under administrative regulations promulgated by the board and the board of directors of the Kentucky Educational Savings Plan Trust under ***KRS*** 164A.325.

(7) If the purchaser wishes to transfer funds from the prepaid tuition account to another qualified tuition program as defined in 26 U.S.C. sec. 529(b)(1), the purchaser may do so under administrative regulations promulgated by the board.

(8) The board may terminate a prepaid tuition contract at any time due to the fraud or misrepresentation of a purchaser or qualified beneficiary with respect to the prepaid tuition contract.

SECTION 8. A NEW SECTION OF KRS 48.100 TO 48.195 IS CREATED TO READ AS FOLLOWS:

Notwithstanding any other provision of law, if the report of the actuary submitted in an odd-numbered year pursuant to paragraph (b) of subsection (7) of Section 4 of this Part reflects that there will be a real liability expected to accrue during the upcoming biennium that cannot be met with existing resources of the Commonwealth postsecondary education prepaid tuition trust fund created pursuant to Section 3 of this Part, 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 the General Assembly an appropriation to the board in an amount necessary to meet the real liability expected to accrue in each fiscal year of the biennium.

PART XXXII

ROLL-YOUR-OWN TOBACCO EXCISE TAX

Notwithstanding KRS 48.310, the following statutes are amended to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

Section 1. KRS 131.600 is amended to read as follows:

As used in this section and KRS 131.602:

(1) "Adjusted for inflation" means increased in accordance with the formula for inflation adjustment set forth in Exhibit C to the master settlement agreement.

(2) "Affiliate" means a person who directly or indirectly owns or controls, is owned or controlled by, or is under common ownership or control with, another person. Solely for purposes of this definition, the terms "owns," "is owned," and "ownership" mean ownership of an equity interest, or the equivalent thereof, of ten percent (10%) or more, and the term "person" means an individual, partnership, committee, association, corporation, or any other organization or group of persons.

(3) "Allocable share" means allocable share as that term is defined in the master settlement agreement.

(4) "Cigarette" means any product that contains nicotine, is intended to be burned or heated under ordinary conditions of use, and consists of or contains:

(a) Any roll of tobacco wrapped in paper or in any substance not containing tobacco;

(b) Tobacco, in any form, that is functional in the product, which, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling, is likely to be offered to, or purchased by, consumers as a cigarette; or

(c) Any roll of tobacco wrapped in any substance containing tobacco which, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling, is likely to be offered to, or purchased by, consumers as a cigarette described in paragraph (a) of this subsection.

The term "cigarette" includes "roll-your-own", i.e., any tobacco which, because of its appearance, type, packaging, or labeling is suitable for use and likely to be offered to, or purchased by, consumers as tobacco for making cigarettes. For purposes of this definition of "cigarette," nine-hundredths (0.09) ounces of "roll-your-own" tobacco shall constitute one (1) individual "cigarette."

(5) "Master settlement agreement" means the settlement agreement and related documents entered into on November 23, 1998, by Kentucky and leading United States tobacco product manufacturers.

(6) "Qualified escrow fund" means an escrow arrangement with a federally or state-chartered financial institution having no affiliation with any tobacco product manufacturer and having assets of at least one billion dollars ($1,000,000,000) where such arrangement requires that such financial institution hold the escrowed funds' principal for the benefit of releasing parties and prohibits the tobacco product manufacturer placing the funds into escrow from using, accessing, or directing the use of the funds' principal except as consistent with KRS 131.602(2).

(7) "Released claims" means released claims as that term is defined in the master settlement agreement.

(8) "Releasing parties" means releasing parties as that term is defined in the master settlement agreement.

(9) "Tobacco product manufacturer" means an entity that after June 30, 2000, directly and not exclusively through any affiliate:

(a) Manufactures cigarettes anywhere that such manufacturer intends to be sold in the United States, including cigarettes intended to be sold in the United States through an importer, except where such importer is an original participating manufacturer, as that term is defined in the master settlement agreement, that will be responsible for the payments under the master settlement agreement with respect to such cigarettes as a result of the provisions of subsection II(mm) of the master settlement agreement and that pays the taxes specified in subsection II(z) of the master settlement agreement, and provided that the manufacturer of such cigarettes does not market or advertise such cigarettes in the United States;

(b) Is the first purchaser anywhere for resale in the United States of cigarettes manufactured anywhere that the manufacturer does not intend to be sold in the United States; or

(c) Becomes a successor of an entity described in paragraph (a) or (b) of this subsection.

The term "tobacco product manufacturer" shall not include an affiliate of a tobacco product manufacturer unless such affiliate itself falls within any of the definitions described in paragraph (a), (b), or (c) of this subsection.

(10) "Units sold" means the number of individual cigarettes sold in Kentucky by the applicable tobacco product manufacturer, whether directly or through a distributor, retailer, or similar intermediary or intermediaries, during the year in question, as measured by excise taxes collected by Kentucky on packs or "roll-your-own" tobacco~~[containers bearing the excise tax stamp of Kentucky]~~. The Department of Revenue shall promulgate such regulations as are necessary to ascertain the amount of state excise tax paid on the cigarettes of such tobacco product manufacturer for each year.

Section 2. KRS 138.140 is amended to read as follows:

(1) A tax shall be paid on the sale of cigarettes within the state at a proportionate rate of three cents ($0.03) on each twenty (20) cigarettes. This tax shall be paid only once, regardless of the number of times the cigarettes may be sold in this state.

(2) Effective June 1, 2005, a surtax shall be paid in addition to the tax levied in subsection (1) of this section at a proportionate rate of twenty-six cents ($0.26) on each twenty (20) cigarettes. This tax shall be paid only once, at the same time the tax imposed by subsection (1) of this section is paid, regardless of the number of times the cigarettes may be sold in the state.

(3) Effective June 1, 2005, a surtax shall be paid in addition to the tax levied in subsection (1) of this section and in addition to the surtax levied by subsection (2)

of this section, at a proportionate rate of one cent ($0.01) on each twenty (20) cigarettes. This tax shall be paid only once, at the same time the tax imposed by subsection (1) of this section and the surtax imposed by subsection (2) of this section are paid, regardless of the number of times the cigarettes may be sold in the state.

(4) (a) Effective August 1, 2005, ***an excise***~~[a]~~ tax shall be imposed upon all wholesalers of other tobacco products at the rate of seven and one-half percent (7.5%) of the gross receipts of any wholesaler derived from wholesale sales made within the Commonwealth.

(b) This ***excise*** tax shall be paid only once, regardless of the number of times the tobacco product may be sold in the state.

(5) Effective August 1, 2005, a tax shall be imposed upon all wholesalers of snuff at a rate of nine and one-half cents ($0.095) per unit. As used in this section unit means a hard container not capable of containing more than one and one-half (1-1/2) ounce. In determining the quantity subject to the tax under this subsection, if a package on which the tax is levied, contains more than an individual unit, the taxable quantity shall be calculated by multiplying the total number of individual units by the rate set in this subsection. The tax imposed under this subsection shall be paid only once, regardless of the number of times the snuff may be sold in this state.

(6) The General Assembly recognizes that increasing taxes on tobacco products should reduce consumption, and therefore result in healthier lifestyles for Kentuckians. The relative taxes on tobacco products proposed in this section reflect the growing data from scientific studies suggesting that although smokeless tobacco poses some risks, those health risks are significantly less than the risks posed by other forms of tobacco products. Moreover, the General Assembly acknowledges that some in the public health community recognize that tobacco harm reduction should be a

complementary public health strategy regarding tobacco products. Taxing tobacco products according to relative risk is a rational tax policy and may well serve the public health goal of reducing smoking-related mortality and morbidity and lowering health care costs associated with tobacco-related disease.

PART XXXIII

CIGARETTE PAPERS EXCISE TAX

Notwithstanding KRS 48.310, the following statutes are amended to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

Section 1. KRS 138.130 is amended to read as follows:

As used in KRS 138.130 to 138.205, unless the context requires otherwise:

(1) "Department" means the Department of Revenue.

(2) "Manufacturer" means any person who manufactures or produces cigarettes, snuff, or other tobacco products within or without this state.

(3) "Retailer" means any person who sells to a consumer or to any person for any purpose other than resale.

(4) "Sale at retail" means a sale to any person for any other purpose other than resale.

(5) "Cigarettes" means any roll for smoking made wholly or in part of tobacco, or any substitute for tobacco, irrespective of size or shape and whether or not the tobacco is flavored, adulterated, or mixed with any other ingredient, the wrapper or cover of which is made of paper or any other substance or material, excepting tobacco.

(6) "Sale" or "sell" means any transfer for a consideration, exchange, barter, gift, offer for sale, advertising for sale, soliciting an order for cigarettes, other tobacco products, or snuff, and distribution in any manner or by any means whatsoever.

(7) "Tax evidence" means any stamps, metered impressions, or other indicia prescribed by the department by regulation as a means of denoting the payment of tax.

(8) "Person" means any individual, firm, copartnership, joint venture, association, municipal or private corporation whether organized for profit or not, the

Commonwealth of Kentucky or any of its political subdivisions, an estate, trust, or any other group or combination acting as a unit, and the plural as well as the singular.

(9) "Resident wholesaler" means any person who purchases at least seventy-five percent (75%) of all cigarettes, other tobacco products, or snuff purchased by the wholesaler directly from the manufacturer on which the tax provided for in KRS 138.130 to 138.205 is unpaid, and who maintains an established place of business in this state where the wholesaler attaches cigarette tax evidence, or receives untaxed cigarettes, other tobacco products, or snuff.

(10) "Nonresident wholesaler" means any person who purchases cigarettes, other tobacco products, or snuff directly from the manufacturer and maintains a permanent location or locations outside this state where Kentucky cigarette tax evidence is attached or from where Kentucky cigarette tax is reported and paid.

(11) "Sub-jobber" means any person who purchases cigarettes, other tobacco products, or snuff from a wholesaler licensed under KRS 138.195 on which the tax imposed by KRS 138.140 has been paid and makes them available to retailers for resale. No person shall be deemed to make cigarettes, other tobacco products, or snuff available to retailers for resale unless the person certifies and establishes to the satisfaction of the department that firm arrangements have been made to regularly supply at least five (5) retail locations with Kentucky tax-paid cigarettes, other tobacco products, or snuff for resale in the regular course of business.

(12) "Vending machine operator" means any person who operates one (1) or more cigarette, other tobacco products, or snuff vending machines.

(13) "Transporter" means any person transporting untax-paid cigarettes, other tobacco products, or snuff obtained from any source to any destination within this state, other than cigarettes, other tobacco products, or snuff transported by the manufacturer thereof.

(14) "Unclassified acquirer" means any person in this state who acquires cigarettes, other tobacco products, or snuff from any source on which the tax imposed by KRS 138.140 has not been paid, and who is not a person otherwise required to be licensed under the provisions of KRS 138.195.

(15) "Other tobacco products" means cigars, cheroots, stogies, periques, granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco, cavendish, plug and twist tobacco, fine-cut, and other chewing tobacco, shorts, refuse scraps, clippings, cuttings and sweepings of tobacco, and other kinds and forms of tobacco prepared in a manner to be suitable for chewing or smoking in a pipe or otherwise, or both for chewing or smoking but does not include cigarettes as defined in subsection (5) of this section, or snuff.

(16) "Wholesale sale" means a sale made for the purpose of resale in the regular course of business.

(17) "Cigarette paper" means paper or a similar product suitable for use and likely to be offered to, or purchased by, consumers of roll-your-own tobacco.

Section 2. KRS 138.140 is amended to read as follows:

(1) A tax shall be paid on the sale of cigarettes within the state at a proportionate rate of three cents ($0.03) on each twenty (20) cigarettes. This tax shall be paid only once, regardless of the number of times the cigarettes may be sold in this state.

(2) Effective June 1, 2005, a surtax shall be paid in addition to the tax levied in subsection (1) of this section at a proportionate rate of twenty-six cents ($0.26) on each twenty (20) cigarettes. This tax shall be paid only once, at the same time the tax imposed by subsection (1) of this section is paid, regardless of the number of times the cigarettes may be sold in the state.

(3) Effective June 1, 2005, a surtax shall be paid in addition to the tax levied in subsection (1) of this section and in addition to the surtax levied by subsection (2) of this section, at a proportionate rate of one cent ($0.01) on each twenty (20)

cigarettes. This tax shall be paid only once, at the same time the tax imposed by subsection (1) of this section and the surtax imposed by subsection (2) of this section are paid, regardless of the number of times the cigarettes may be sold in the state.

(4) (a) Effective August 1, 2005, a tax shall be imposed upon all wholesalers of other tobacco products at the rate of seven and one-half percent (7.5%) of the gross receipts of any wholesaler derived from wholesale sales made within the Commonwealth.

(b) This tax shall be paid only once, regardless of the number of times the tobacco product may be sold in the state.

(5) Effective August 1, 2005, a tax shall be imposed upon all wholesalers of snuff at a rate of nine and one-half cents ($0.095) per unit. As used in this section unit means a hard container not capable of containing more than one and one-half (1-1/2) ounce. In determining the quantity subject to the tax under this subsection, if a package on which the tax is levied, contains more than an individual unit, the taxable quantity shall be calculated by multiplying the total number of individual units by the rate set in this subsection. The tax imposed under this subsection shall be paid only once, regardless of the number of times the snuff may be sold in this state.

(6) ***(a) Effective June 1, 2006, every person licensed under KRS 138.195 to affix tax evidence, every wholesaler required to pay the tax imposed by subsection (4) of this section, and every other person selling cigarette paper at wholesale in this state shall pay an excise tax on the sale of cigarette paper.***

(b) The tax shall be in the amount of twenty-five cents ($0.25) per package of thirty-two (32) sheets. For packages greater than thirty-two (32) sheets, the tax shall be calculated at one and twenty-eight one-hundredths cents ($0.0128) per sheet.

(c) The tax shall be remitted to the Department of Revenue at the same time and in the same manner as the tax imposed in subsection (4) of this section.

(7) The department may prescribe forms and promulgate administrative regulations to execute and administer the provisions of this section.

(8) The General Assembly recognizes that increasing taxes on tobacco products should reduce consumption, and therefore result in healthier lifestyles for Kentuckians. The relative taxes on tobacco products proposed in this section reflect the growing data from scientific studies suggesting that although smokeless tobacco poses some risks, those health risks are significantly less than the risks posed by other forms of tobacco products. Moreover, the General Assembly acknowledges that some in the public health community recognize that tobacco harm reduction should be a complementary public health strategy regarding tobacco products. Taxing tobacco products according to relative risk is a rational tax policy and may well serve the public health goal of reducing smoking-related mortality and morbidity and lowering health care costs associated with tobacco-related disease.

PART XXXIV

CAPTIVE INSURERS

Notwithstanding KRS 48.310, the following statutes are created or amended to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

SECTION 1. A NEW SECTION OF KRS 304.49-010 TO 304.49-230 IS CREATED TO READ AS FOLLOWS:

(1) A captive insurer shall engage a manager who is a resident of this state.

(2) The captive manager shall maintain the books and records of the captive insurer's business, transactions, and affairs at a location that is in this state or shall make them available to the executive director at a location that is in this state.

(3) The captive manager shall promptly notify the executive director of any failure of the captive insurer to comply with this section.

(4) The executive director may require a captive insurer to discharge a captive manager for failure to substantively fulfill the captive manager's duties under this subtitle.

SECTION 2. A NEW SECTION OF KRS 304.49-010 TO 304.49-230 IS CREATED TO READ AS FOLLOWS:

The executive director may promulgate administrative regulations to set minimum standards for the formation, structure, examination, and operation of a special purpose captive insurer or an agency captive insurer.

SECTION 3. A NEW SECTION OF KRS 304.49-010 TO 304.49-230 IS CREATED TO READ AS FOLLOWS:

(1) If there is any material change in the financial condition or management of a captive insurer, the captive insurer shall notify the executive director, in writing, within ten (10) business days of the change.

(2) No captive insurer shall voluntarily take any of the following material actions without providing the executive director at least thirty (30) days prior written notice and receiving the executive director's approval of the action within the thirty (30) day period:

(a) The dissolution of the captive insurer;

(b) Any sale, exchange, lease, mortgage, assignment, pledge, or other transfer of, or granting of a security interest in, all or substantially all of the assets of the captive insurer;

(c) Any incurrence of material indebtedness by the captive insurer;

(d) Any making of a material loan or other material extension of credit by the captive insurer;

(e) Any payment or distribution that materially reduces capital and surplus;

(f) Any merger or consolidation to which the captive insurer is a constituent party;

(g) Any conversion of the captive insurer to another business form;

(h) Any transfer to or domestication in any jurisdiction by the captive insurer; or

(i) Any material amendment of the organizational documents of the captive insurer.

SECTION 4. A NEW SECTION OF KRS 304.49-010 TO 304.49-230 IS CREATED TO READ AS FOLLOWS:

A sponsored captive insurer may establish and maintain one (1) or more protected cells to insure risks of one (1) or more participants, subject to the following conditions:

(1) The owners of a sponsored captive insurer shall be limited to its participants and sponsors, provided that a sponsored captive insurer may issue nonvoting securities or interests to other persons on terms approved by the executive director;

(2) The assets of each protected cell shall be held and accounted for separately on the books and records of the sponsored captive insurer to reflect the financial condition and results of operations of the protected cell, net income or loss of the protected cell, dividends or other distributions to participants of the protected cell, and other factors regarding the protected cell as may be provided in the applicable participant contract or required by the executive director;

(3) The assets of a protected cell shall not be chargeable with liabilities of any other protected cell or, unless otherwise agreed in the applicable participant contract, of the sponsored captive insurer generally;

(4) No sale, or transfer of assets, or dividend or other distribution, may be made with respect to a protected cell by such sponsored captive insurer without the consent of the participants of each affected protected cell;

(5) No sale, exchange, or transfer of assets, or dividend or other distribution, other than a payment to a sponsor in accordance with the applicable participant contract, may be made with respect to a protected cell to a sponsor or a participant without the executive director's approval;

(6) Each sponsored captive insurer shall annually file with the executive director financial reports as the executive director shall require, which shall include, without limitation, accounting statements detailing the financial experience of each protected cell;

(7) Each sponsored captive insurer shall notify the executive director, in writing, within ten (10) business days of any protected cell that has become insolvent or is otherwise unable to meet its claim or expense obligations;

(8) No participant contract shall take effect without the executive director's prior written approval. The addition of each new protected cell and withdrawal of any participant or termination of any existing protected cell shall constitute a change in the plan of operation of the sponsored captive insurer requiring the executive director's prior written approval; and

(9) (a) The business written by a sponsored captive insurer, with respect to each protected cell, shall be:

1. Fronted by an insurance company licensed under the laws of this state or any other state;

2. Reinsured by a reinsurer authorized or approved by this state;

3. Secured by a trust fund in this state for the benefit of policyholders and claimants; or

4. Funded by an irrevocable letter of credit or other arrangement that is approved in writing by the executive director.

(b) The amount of security provided shall be no less than the reserves associated with those liabilities which are neither fronted nor reinsured,

including reserves for losses, allocated loss adjustment expenses, incurred but not reported losses, and unearned premiums for business written through the protected cell.

(c) The executive director may, for any reason, require the sponsored captive insurance company to increase the funding of any security arrangement established under this subsection in order to protect claimants or potential claimants.

(d) If the form of security is a letter of credit, the letter of credit shall be established, issued, or confirmed by a financial institution chartered by or licensed or otherwise authorized to do banking business in this state, or by any other financial institution approved by the executive director.

(e) A trust maintained pursuant to this subsection shall be established in a form and upon such terms as approved by the executive director.

Section 5. KRS 304.49-010 is amended to read as follows:

As used in KRS 304.49-010 to 304.49-230, unless the context requires otherwise:

(1) "Affiliated company" means any company in the same corporate system as a parent, an industrial insured, or a member organization by virtue of common ownership, control, operation, or management.

(2) ***"Agency captive insurer" means a captive insurer that is owned by one (1) or more business entities that are licensed insurance producers and that only insure risks on policies placed through their owners.***

(3) "Captive insurer" means any pure captive insurer, consortium captive insurer, sponsored captive insurer, or industrial insured captive insurer formed or issued a certificate of authority under the provisions of KRS 304.49-010 to 304.49-230. For purposes of KRS 304.49-010 to 304.49-230, a branch captive insurer shall be a pure captive insurer with respect to operations in Kentucky, unless otherwise permitted by the executive director.

(4)[~~(3)~~] "Consortium" means any legal association of individuals, corporations, partnerships, or associations that has been in continuous existence for at least one (1) year, the member organizations of which collectively, or which does itself:

(a) Own, control, or hold with power to vote all of the outstanding voting securities of a consortium captive insurer incorporated as a stock insurer; or

(b) Have complete voting control over a consortium captive insurer incorporated as a mutual insurer; or

(c) The member organizations of which collectively constitute all of the subscribers of a consortium captive insurer formed as a reciprocal insurer.

(5)[~~(4)~~] "Consortium captive insurer" means any company that insures risks of the member organizations of the consortium and their affiliated companies.

(6)[~~(5)~~] "Excess workers' compensation insurance" means, in the case of an employer that has insured or self-insured its workers' compensation risks in accordance with applicable state or federal law, insurance in excess of a specified per incident or aggregate limit established by the executive director.

(7)[~~(6)~~] "Industrial insured" means an insured as defined in KRS 304.11-020(1).

(8)[~~(7)~~] "Industrial insured captive insurer" means any company that insures risks of the industrial insureds that comprise the industrial insured group, and their affiliated companies.

(9)[~~(8)~~] "Industrial insured group" means any group that meets either of the following criteria:

(a) Any group of industrial insureds that collectively:

1. Own, control, or hold with power to vote all of the outstanding voting securities of an industrial insured captive insurer incorporated as a stock insurer;

2. Have complete voting control over an industrial insured captive insurer incorporated as a mutual insurer; or

3. Constitute all of the subscribers of an industrial insured captive insurer formed as a reciprocal insurer; or

(b) Any group which is created under the Product Liability Risk Retention Act of 1981, 15 U.S.C. secs. 3901 et seq., as amended, as a corporation or other limited liability association.

(10)[~~(9)~~] "Member organization" means any individual, corporation, partnership, or association that belongs to a consortium.

(11)[~~(10)~~] "Parent" means a corporation, partnership, or individual that directly or indirectly owns, controls, or holds with power to vote more than fifty percent (50%) of the outstanding voting securities of a pure captive insurer.

(12)[~~(11)~~] "Pure captive insurer" means any company that insures risks of its parent and affiliated companies or controlled unaffiliated business.

(13)[~~(12)~~] "Controlled unaffiliated business" means any company:

(a) That is not in the corporate system of a parent and affiliated companies;

(b) That has an existing contractual relationship with a parent or affiliated company; and

(c) Whose risks are managed by a pure captive insurer in accordance with KRS 304.49-170.

(14)[~~(13)~~] "Foreign captive insurer" means any insurer formed to write insurance business for its parents and affiliates and licensed pursuant to the laws of any state other than Kentucky which imposes statutory or regulatory standards in a form acceptable to the executive director on companies transacting the business of insurance in that jurisdiction. Under KRS 304.49-010 to 304.49-230, captive insurers formed under the laws of any jurisdiction other than a state of the United States shall be treated as a foreign captive insurer unless the context requires otherwise.

(15)[~~(14)~~] "Branch business" means any insurance business transacted by a branch captive insurer in Kentucky.

(16)[~~(15)~~] "Branch captive insurer" means any foreign captive insurer issued a certificate of authority by the executive director to transact the business of insurance in Kentucky through a business unit with a principal place of business in Kentucky.

(17)[~~(16)~~] "Branch operations" means any business operations of a branch captive insurer in Kentucky.

(18)[~~(17)~~] "Participant" means an entity as defined in KRS 304.49-210, and any affiliates thereof, that are insured by a sponsored captive insurer, where the losses of the participant are limited through a participant contract to the assets of a protected cell.

(19)[~~(18)~~] "Participant contract" means a contract by which a sponsored captive insurer insures the risks of a participant and limits the losses of the participant to the assets of a protected cell.

(20)[~~(19)~~] "Protected cell" means a separate account established and maintained by a sponsored captive insurer for one (1) participant.

(21)[~~(20)~~] "Reciprocal insurer" means an insurer engaging in reciprocal insurance as defined by KRS 304.27-010.

(22) "Special purpose captive insurer" means any person that is licensed under this chapter and designated as a special purpose captive insurer by the executive director. A person may be designated as a special purpose captive insurer if it is established for one (1) specific purpose or transaction, and where it is desirable to isolate the purpose or transaction from the other activities of a party or parties involved in the transaction, or where the transaction dictates that the vehicle should not be treated as controlled or owned by any other party to that transaction.

(23)[~~(21)~~] "Sponsor" means any entity that meets the requirements of KRS 304.49-200 and is approved by the executive director to provide all or part of the capital and surplus required by applicable law and to organize and operate a sponsored captive insurer.

(24)[~~(22)~~] "Sponsored captive insurer" means any captive insurer:

(a) In which the minimum capital and surplus required by applicable law is provided by one (1) or more sponsors;

(b) That is formed or issued a certificate of authority under the provisions of this subtitle;

(c) That insures the risks of separate participants through contract; and

(d) That segregates each participant's liability through one (1) or more protected cells.

Section 6. KRS 304.49-020 is amended to read as follows:

(1) Any captive insurer, when permitted by its articles of incorporation, charter, or other organizational document, may apply to the executive director for a certificate of authority to engage in any and all kinds of insurance defined in Subtitle 5 of this chapter; provided, however, that:

(a) No pure captive insurer may insure any risks other than those of its parent and affiliated companies or controlled unaffiliated business;

(b) No consortium captive insurer may insure any risks other than those of the member organizations of its consortium and their affiliated companies;

(c) No industrial insured captive insurer may insure any risks other than those of the industrial insureds that comprise the industrial insured group and their affiliated companies;

(d) No captive insurer may provide personal motor vehicle or homeowner's insurance coverage or any component thereof;

(e) No captive insurer may accept or cede reinsurance except as provided in KRS 304.49-110;

(f) ***No captive insurer that is issued an initial certificate of authority on or after July 1, 2006, shall directly provide workers' compensation insurance; however,*** any captive insurer may provide excess workers' compensation insurance to its parent and affiliated companies, unless prohibited by the laws of the state having jurisdiction over the transaction. Any captive insurer may reinsure workers' compensation of a qualified self-insured plan of its parent and affiliated companies;

(g) Any captive insurer which insures risks described in KRS 304.5-020 and 304.5-040 shall comply with all applicable state laws;

(h) No branch captive insurer may write any business in Kentucky except insurance or reinsurance of the employee benefit business of its parent and affiliated companies which is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended; and

(i) No sponsored captive insurer may insure any risks other than those of its participants.

(2) No captive insurer shall do any insurance business in Kentucky unless:

(a) It first obtains from the executive director a certificate of authority authorizing it to do insurance business in Kentucky;

(b) Its board of directors, or in the case of a reciprocal insurer, its subscribers' advisory committee, holds at least one (1) meeting each year in Kentucky; and

(c) It maintains its principal place of business in Kentucky or, in the case of a branch captive insurer, maintains the principal place of business for its branch operations in Kentucky.

(3) Before receiving a certificate of authority, a captive insurer formed as a corporation shall file with the executive director a certified copy of its charter and bylaws, a

statement under oath of its president and secretary showing its financial condition, and any other statements or documents required by the executive director;

(4) Before receiving a certificate of authority, a captive insurer formed as a reciprocal insurer shall:

(a) File with the executive director a certified copy of the power of attorney of its attorney-in-fact, a certified copy of its subscribers' agreement, a statement under oath of its attorney-in-fact showing its financial condition, and any other statements or documents required by the executive director; and

(b) Submit to the executive director a sample of the coverages, deductibles, coverage limits, and rates, together with any additional information required by the executive director. In the event of any subsequent material change in any item in the samples, the reciprocal captive insurer shall submit to the executive director for approval an appropriate revision. The reciprocal captive insurer shall not offer any coverage until the forms are approved by the executive director. The reciprocal captive insurer shall not use any initial rate until it is approved by the executive director and shall inform the executive director of any material change in rates within thirty (30) days of the adoption of the change.

(5) In addition to the information required by subsections (3) or (4) of this section, each applicant captive insurer shall file with the executive director evidence of the following:

(a) The amount and liquidity of its assets relative to the risks to be assumed;

(b) The adequacy of the expertise, experience, and character of the person or persons who will manage it;

(c) The overall soundness of its plan of operation;

(d) The adequacy of the loss prevention programs of its parent, member organizations, or industrial insureds as applicable; and

(e) Any other factors deemed relevant by the executive director in ascertaining whether the proposed captive insurer will be able to meet its policy obligations.

(6) In addition to the information required by subsections (3), (4), and (5) of this section, each applicant-sponsored captive insurer shall file with the executive director the following:

(a) A business plan demonstrating how the applicant will account for the loss and expense experience of each protected cell at a level of detail found to be sufficient by the executive director and how it will report the experience to the executive director;

(b) A statement acknowledging that all financial records of the sponsored captive insurer, including records pertaining to any protected cells, shall be made available for inspection or examination by the executive director;

(c) All contracts or sample contracts between the sponsored captive insurer and any participants; and

(d) Evidence that expenses shall be allocated to each protected cell in a fair and equitable manner.

(7) ***All portions of license applications reasonably designated confidential by the applicant, and all examination reports, preliminary examination reports, working papers, recorded information, other documents, and any copies of any of the foregoing, produced or obtained by or submitted or disclosed to the executive director related to an examination pursuant to this subtitle shall, unless the prior written consent of the captive insurer to which it pertains has been obtained, be given confidential treatment, and shall not be subject to civil subpoena, made public by the executive director, or provided or disclosed to any other person at any time except to:***

(a) The insurance department of any state, country, or alien jurisdiction; or

(b) To a law enforcement official or agency of the Commonwealth of Kentucky, any other state, or alien jurisdiction, as long as the official or agency agrees in writing to hold it confidential and in a manner consistent with this section[~~Information submitted under this section shall be confidential by law and privileged but may be used, received, and shared in accordance with Subtitle 2 of this chapter~~].

(8) Each captive insurer shall pay to the executive director a nonrefundable fee as stated in KRS 304.4-010 for examining, investigating, and processing its application for certificate of authority. The executive director is authorized to retain legal, financial, and examination services from outside the office to assist in examining and investigating the applicant, the reasonable cost of which may be charged against the applicant. In addition, each captive insurer shall pay a certificate of authority fee for the year of registration and a renewal fee for each year thereafter.

Section 7. KRS 304.49-040 is amended to read as follows:

(1) No captive insurer shall be issued a certificate of authority unless it shall possess and thereafter maintain unimpaired paid-in capital and surplus of:

(a) In the case of a pure captive insurer, not less than two hundred fifty thousand dollars ($250,000);

(b) In the case of an consortium captive insurer, not less than seven hundred fifty thousand dollars ($750,000);

(c) In the case of an industrial insured captive insurer, not less than five hundred thousand dollars ($500,000);[~~ and~~]

(d) In the case of a sponsored captive insurer, not less than one million dollars ($1,000,000)***;***

(e) In the case of an agency captive insurer, not less than five hundred thousand dollars ($500,000); and

(f) In the case of a special purpose captive insurer, not less than two hundred fifty thousand dollars ($250,000), or another amount determined by the executive director.

(2) Notwithstanding the requirements of subsection (1) of this section, no captive insurer organized as a reciprocal insurer under KRS 304.49-010 to 304.49-230 shall be issued a certificate of authority unless it shall possess and thereafter maintain free surplus of one million dollars ($1,000,000).

(3) The executive director may prescribe additional capital and surplus based upon the type, volume, and nature of insurance business transacted.

(4) Capital and surplus may be in the form of cash or an irrevocable letter of credit issued by a bank approved by the executive director and chartered by the Commonwealth of Kentucky or a member bank of the Federal Reserve System***, or other assets as may be approved by the executive director***.

(5) In the case of a branch captive insurer, as security for the payment of liabilities attributable to the branch operations, the executive director shall require that a separate trust fund, funded by an irrevocable letter of credit or other acceptable asset, be established and maintained in the United States for the benefit of United States policyholders and United States ceding insurers under insurance policies issued or reinsurance contracts issued or assumed, by the branch captive insurer through its branch operations. The amount of this security may be no less than the capital and surplus required in this section and the reserves on the insurance policies or the reinsurance contracts, including reserves for losses, allocated loss adjustment expenses, incurred but not reported losses, and unearned premiums with regard to business written through the branch operations; provided, however, the executive director may permit a branch captive insurer that is required to post security for loss reserves on branch business by its reinsurer to reduce the funds in the trust account required by this section by the same amount so long as the security

remains posted with the reinsurer. If the form of security selected is a letter of credit, the letter of credit must be established by, or issued or confirmed by, a bank chartered in Kentucky or a member bank of the Federal Reserve System.

Section 8. KRS 304.49-060 is amended to read as follows:

(1) A pure captive insurer or a sponsored captive insurer shall be incorporated as a stock insurer with its capital divided into shares and held by the stockholders.

(2) A consortium captive insurer or an industrial insured captive insurer may be:

(a) Incorporated as a stock insurer with its capital divided into shares and held by the stockholders; or

(b) Incorporated as a mutual insurer without capital stock, the governing body of which is elected by the member organizations of its consortium; or

(c) Organized as a reciprocal insurer in accordance with Subtitle 27 of this chapter.

(3) ***A special purpose captive insurer may be:***

(a) Incorporated as a stock corporation;

(b) Incorporated as a nonstock corporation;

(c) Formed as a limited liability company;

(d) Formed as a partnership;

(e) Formed as a limited partnership;

(f) Formed as a statutory trust; or

(g) Such other person approved by the executive director, other than a natural person in his or her individual capacity.

(4) A sponsored captive insurer may be:

(a) Incorporated as a stock corporation;

(b) Incorporated as a nonstock corporation;

(c) Formed as a limited liability company;

(d) Formed as a partnership;

(e) Formed as a limited partnership; or

(f) Formed as a statutory trust.

(5) A risk retention group may take any form permitted under the Liability Risk Retention Act of 1986, 15 U.S.C. sec. 3901 et seq., as amended.

(6) A captive insurer incorporated or organized in Kentucky shall have not less than three (3) incorporators or two (2) organizers.

(7)[~~(4)~~] In the case of a captive insurer, the executive director shall find, in order to issue a certificate of authority, that the establishment and maintenance of the proposed captive insurer will promote the general good of the state. In arriving at such a finding, the executive director shall consider:

(a) The character, reputation, financial standing, and purposes of the incorporators or organizers;

(b) The character, reputation, financial responsibility, insurance experience, and business qualifications of the persons responsible for the conduct of the captive insurer's affairs; and

(c) Any other aspects the executive director deems advisable.

(8)[~~(5)~~] The capital stock of a captive insurer incorporated as a stock insurer may be authorized with no par value.

(9)[~~(6)~~] Captive insurance companies formed as corporations under the provisions of KRS 304.49-010 to 304.49-230 shall have the privileges and be subject to the provisions of KRS Chapter 271B as well as the applicable provisions contained in KRS 304.49-010 to 304.49-230. If there is a conflict between the provisions of KRS Chapter 271B and the provisions of this chapter, the latter shall control. The provisions of this chapter, pertaining to mergers, consolidations, conversions, mutualizations, and redomestications, shall apply in determining the procedures to be followed by captive insurance companies in carrying out any of the transactions described therein, except that:

(a) The executive director may, upon request of an insurer party to a merger authorized under this subsection, waive the requirement of KRS 304.24-390(4); and

(b) The executive director may waive or modify the requirements for public notice and hearing in accordance with rules which the executive director may adopt addressing categories of transactions. If a notice of public hearing is required, but no one requests a hearing, then the executive director may cancel the hearing.

(10)[~~(7)~~] Captive insurance companies formed as reciprocal insurers under the provisions of KRS 304.49-010 to 304.49-230 shall have the privileges and be subject to the provisions of Subtitle 27 of this chapter in addition to the applicable provisions of this subtitle. In the event of a conflict between the provisions of Subtitle 27 of this chapter and the provisions of this subtitle, the latter shall control. To the extent a reciprocal insurer is made subject to other provisions of this subtitle pursuant to Subtitle 27 of this chapter, those provisions shall not be applicable to a reciprocal insurer formed under KRS 304.49-010 to 304.49-230 unless the provisions are expressly made applicable to captive insurance companies under KRS 304.49-010 to 304.49-230.

(11)[~~(8)~~] In addition to the provisions of subsection ***(10)***[~~(7)~~] of this section, captive insurance companies organized as reciprocal insurers that are industrial insured groups as defined in this subtitle shall have the privileges and be subject to the provisions of Subtitle 45 of this chapter, in addition to the applicable provisions of this subtitle.

(12)[~~(9)~~] The articles of incorporation or bylaws of a captive insurer formed as a corporation may authorize a quorum of a board of directors to consist of no fewer than one-third (1/3) of the fixed or prescribed number of directors.

(13)[~~(10)~~] The subscribers' agreement or other organizing document of a captive insurer formed as a reciprocal insurer may authorize a quorum of a subscribers' advisory committee to consist of no fewer than one-third (1/3) of the number of its members.

(14) Each owner of an agency captive insurer shall be licensed as an insurance producer.

Section 9. KRS 304.49-070 is amended to read as follows:

(1) Captive insurance companies shall not be required to make any annual report except as provided in KRS 304.49-010 to 304.49-230.

(2) On or before March 1 of each year, each captive insurer shall submit to the executive director a report of its financial condition, verified by oath of two (2) of its executive officers. Each captive insurer shall report using generally accepted accounting principles, unless the executive director approves the use of statutory accounting principles ***or international accounting standards***, with any ***appropriate***[~~useful~~] or necessary modifications or adaptations thereof required or approved or accepted by the executive director for the type of insurance and kinds of insurers to be reported upon, and as supplemented by additional information required by the executive director. ***Any captive insurer whose use of statutory accounting principles are approved by the executive director may make modifications and adaptations as are necessary to record as admitted the full value of all investments by the captive insurer permitted under this subtitle and, subject to the executive director's approval, to make its reports under this section consistent with the purposes of this subtitle. Except as otherwise provided, all captive insurers, with the exception of those formed as a risk retention group, shall file reports on a form prescribed by the executive director through administrative regulation. A captive insurer formed as a risk retention group shall file reports pursuant to KRS 304.2-205, with additional information or modification as the executive director may prescribe***[~~Except as otherwise~~

~~provided, each consortium captive insurer and each industrial insured captive insurer insuring the risks of an industrial insured group defined in KRS 304.49-010(8)(b) shall file its report in the form of and as required by KRS 304.2-205~~]. The executive director shall by administrative regulation propose the forms in which ***captive insurers***[~~pure captive insurance companies and industrial insured captive insurance companies insuring the risks of an industrial insured group defined in KRS 304.49-010(8)(a)~~] shall report.

(3) Any pure captive insurer or an industrial insured captive insurer insuring the risks of industrial insured groups as defined in KRS 304.49-010***(9)***[~~(8)~~](a) may make written application for filing the required report on a fiscal year end. If an alternative reporting date is granted, the annual report is due sixty (60) days after the fiscal year end.

(4) Sixty (60) days after the fiscal year end, a branch captive insurer shall file with the executive director a copy of all reports and statements required to be filed under the laws of the jurisdiction in which the foreign captive insurer is formed, verified by oath of two (2) of its executive officers. If the executive director is satisfied that the annual report filed by the foreign captive insurer in its domiciliary jurisdiction provides adequate information concerning the financial condition of the foreign captive insurer, the executive director may waive the requirement for completion of the captive annual statement for business written in the foreign jurisdiction.

Section 10. KRS 304.49-100 is amended to read as follows:

(1) A consortium captive insurer, sponsored captive insurer, and an industrial insured captive insurer insuring the risks of an industrial insured group defined in KRS 304.49-010***(9)***[~~(8)~~](b) shall comply with the investment requirements contained in Subtitle 7 of this chapter. Notwithstanding any other provision of this chapter, the executive director may approve the use of alternative reliable methods of valuation and rating.

(2) No pure captive insurer or industrial insured captive insurer insuring the risks of an industrial insured group as defined in KRS 304.49-010(8)(a) shall be subject to any restrictions on allowable investments whatever, including those limitations contained in Subtitle 7 of this chapter; provided, however, that the executive director may prohibit or limit any investment that threatens the solvency or liquidity of any such company.

(3) Only a pure captive insurer may make loans to its parent company or affiliates. No loans to a parent company or any affiliate shall be permitted without prior written approval of the executive director and shall be evidenced by a note in a form approved by the executive director.

(4) All captive insurers are subject to KRS 304.37-030 regarding material transactions.

Section 11. KRS 304.49-180 is amended to read as follows:

(1) A consortium captive insurer or industrial insured group formed as a stock or mutual corporation may be converted to or merged with and into a reciprocal insurer in accordance with a plan therefor and the provisions of this section.

(2) Any plan for such conversion or merger shall be fair and equitable to the shareholders, in the case of a stock insurer, or the policyholders, in the case of a mutual insurer.

(3) In the case of a conversion authorized under subsection (1) of this section:

(a) The conversion shall be accomplished under any reasonable plan and procedure approved by the executive director, but the executive director shall not approve any plan of conversion unless the plan:

1. Satisfies the provisions of subsection (2) of this section;

2. Provides for a hearing, of which notice has been given to the insurer, its directors, officers, and stockholders, in the case of a stock insurer, or policyholders, in the case of a mutual insurer, all of whom shall have the right to appear at the hearing, except that the executive director may

waive or modify the requirements for the hearing, provided that if a notice of hearing is required, but no hearing is requested, the executive director may cancel the hearing;

3. Provides for the conversion of existing stockholder or policyholder interests into subscriber interests in the resulting reciprocal insurer, proportionate to stockholder or policyholder interests in the stock or mutual insurer; and

4. Is approved:

   a. In the case of a stock insurer, by a majority of the shares entitled to vote represented in person or by proxy at a duly called regular or special meeting at which a quorum is present;

   b. In the case of a mutual insurer, by a majority of the voting interests of policyholders represented in person or by proxy at a duly called regular or special meeting at which a quorum is present;

(b) The executive director shall approve the plan of conversion if the executive director finds that the conversion will promote the general good of the state in conformity with those standards set forth in KRS 304.49-060***(7)***~~[(4)]~~;

(c) If the executive director approves the plan, the executive director shall amend the converting insurer's certificate of authority to reflect conversion to a reciprocal insurer and issue an amended certificate of authority to the company's attorney-in-fact;

(d) Upon the issuance of an amended certificate of authority of a reciprocal insurer by the executive director, the conversion shall be effective; and

(e) Upon the effectiveness of the conversion, the corporate existence of the converting insurer shall cease and the resulting reciprocal insurer shall notify the Secretary of State of the conversion.

(4) A merger authorized under subsection (1) of this section shall be accomplished substantially in accordance with the procedures set forth in KRS 304.24-390, except that, solely for purposes of the merger:

(a) The plan of merger shall satisfy the provisions of subsection (2) of this section;

(b) The subscribers' advisory committee of a reciprocal insurer shall be equivalent to the board of directors of a stock or mutual insurer;

(c) The subscribers of a reciprocal insurer shall be the equivalent of the policyholders of a mutual insurer;

(d) If a subscribers' advisory committee does not have a president or secretary, the officers of the committee having substantially equivalent duties shall be deemed the president or secretary of the committee;

(e) The executive director may, upon request of an insurer party to a merger authorized under subsection (1) of this section, waive the requirement of KRS 304.24-390(4);

(f) The executive director shall approve the articles of merger if the executive director finds that the merger will promote the general good of the state in conformity with those standards set forth in KRS 304.49-060***(7)***[~~(4)~~]. If the executive director approves the articles of merger, the executive director shall indorse his or her approval thereon and the surviving insurer shall present and file them with the Secretary of State;

(g) Notwithstanding KRS 304.49-040, the executive director may permit the formation, without surplus, of a captive insurer organized as a reciprocal insurer, into which an existing captive insurer may be merged for the purpose of facilitating a transaction under this section; however, there shall be no more than one (1) authorized insurer surviving the merger; and

(h) An alien insurer may be a party to a merger authorized under subsection (1) of this section, provided that the requirements for a merger between a domestic and a foreign insurer under KRS 304.24-390 shall apply to a merger between a domestic and an alien insurer under this subsection. The alien insurer shall be treated as a foreign insurer under KRS 304.24-390 and the other jurisdictions shall be the equivalent of a state for purposes of KRS 304.24-390.

PART XXXV

VALUATION FLOOR FOR MOTOR VEHICLES

Notwithstanding KRS 48.310, the following statutes are amended to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

Section 1. KRS 138.450 is amended to read as follows:

As used in KRS 138.455 to 138.470, unless the context requires otherwise:

(1) "Current model year" means a motor vehicle of either the model year corresponding to the current calendar year or of the succeeding calendar year, if the same model and make is being offered for sale by local dealers;

(2) "Dealer" means "motor vehicle dealer" as defined in KRS 190.010;

(3) "Dealer demonstrator" means a new motor vehicle or a previous model year motor vehicle with an odometer reading of least one thousand (1,000) miles that has been used either by representatives of the manufacturer or by a licensed Kentucky dealer, franchised to sell the particular model and make, for demonstration;

(4) "Historic motor vehicle" means a motor vehicle registered and licensed pursuant to KRS 186.043;

(5) "Motor vehicle" means any vehicle that is propelled by other than muscular power and that is used for transportation of persons or property over the public highways of the state, except road rollers, mopeds, vehicles that travel exclusively on rails, and vehicles propelled by electric power obtained from overhead wires;

(6) "Moped" means either a motorized bicycle whose frame design may include one (1) or more horizontal crossbars supporting a fuel tank so long as it also has pedals, or a motorized bicycle with a step through type frame which may or may not have pedals rated no more than two (2) brake horsepower, a cylinder capacity not exceeding fifty (50) cubic centimeters, an automatic transmission not requiring clutching or shifting by the operator after the drive system is engaged, and capable of a maximum speed of not more than thirty (30) miles per hour;

(7) "New motor vehicle" means a motor vehicle of the current model year which has not previously been registered in any state or country;

(8) "Previous model year motor vehicle" means a motor vehicle not previously registered in any state or country which is neither of the current model year nor a dealer demonstrator;

(9) "Total consideration given" means the amount given, valued in money, whether received in money or otherwise, at the time of purchase or at a later date, including consideration given for all equipment and accessories, standard and optional~~[, as attested to in a notarized affidavit signed by both the buyer and the seller. The signatures of the buyer and seller shall be individually notarized]~~. "Total consideration given" shall not include:

(a) Any amount allowed as a manufacturer or dealer rebate if the rebate is provided at the time of purchase and is applied to the purchase of the motor vehicle;

(b) Any interest payments to be made over the life of a loan for the purchase of a motor vehicle; and

(c) The value of any items that are not equipment or accessories including but not limited to extended warranties, service contracts, and items that are given away as part of a promotional sales campaign;

(10) "Trade-in allowance" means**:**

(a) The value assigned by the seller of a motor vehicle to a motor vehicle ***registered to the purchaser and*** offered in trade by the purchaser as part of the total consideration given by the purchaser and included in the notarized affidavit attesting to total consideration given; ***or***

(b) In the absence of a notarized affidavit, the value of the vehicle being offered in trade as established by the department through the use of the reference manual;

(11) "Used motor vehicle" means a motor vehicle which has been previously registered in any state or country;

(12) ***(a)*** "Retail price" [~~of motor vehicles shall be determined as follows:~~

~~(a)~~]for***:***

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,

means[~~"retail price" shall be~~] the total consideration given[~~ at the time of purchase or at a later date~~], including any trade-in allowance***,*** as attested to in a notarized affidavit.

(b) If a notarized affidavit[~~ signed by both the buyer and seller~~] is not available[~~ to establish total consideration given~~], "retail price" ***means***[~~shall be~~]:

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**.**[; and]

(c)[3.] "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;

(13)[(b)] ***"Retail price"*** for historic motor vehicles[, "retail price"] shall be one hundred dollars ($100);

(14)[(c)] ***"Retail price"*** for used motor vehicles being registered by a new resident for the first time in Kentucky whose values appear in the[automotive] reference manual ***means***[prescribed by the Department of Revenue, "retail price" shall be] the[average] trade-in value given in the reference manual;

(15)[(d)] ***"Retail price"*** for[the] older used motor vehicles being registered by a new resident for the first time in Kentucky whose values no longer appear in the[automotive] reference manual[, "retail price"] shall be one hundred dollars ($100);

(16) (a) "Retail price"[(e) For used motor vehicles previously registered in another state or country that were purchased out-of-state by a Kentucky resident who is registering the vehicle in Kentucky for the first time, "retail price" shall be the total consideration given at the time of purchase or at a later date, including the average trade-in value given in the automotive reference manual prescribed by the Department of Revenue for any vehicle given in trade;

(f)] for**:**

1. Used motor vehicles***, except those vehicles for which the retail price is established in subsection (13), (14), (15), (17), or (19) of this section;***[previously registered in Kentucky that are sold in Kentucky,] and

2. U-Drive-It motor vehicles that are not transferred within one hundred eighty (180) days of being registered as a U-Drive-It or that have more than five thousand (5,000) miles,~~["retail price"]~~

means the total consideration given, excluding any amount allowed as a trade-in allowance by the seller***, as 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 trade-in value, as established by the reference manual, of the motor vehicle offered for registration and the trade-in value, as established by the reference manual, of any motor vehicle offered in trade as part of the total consideration given***.

(b) The trade-in allowance shall ***also*** be disclosed in the notarized affidavit~~[signed by the buyer and the seller attesting to the total consideration given]~~.

(c) If a notarized affidavit~~[signed by both the buyer and the seller]~~ is not available~~[to establish the total consideration given for a motor vehicle]~~, "retail price" shall be established by the department~~[of Revenue]~~ through the use of the~~[automotive]~~ reference manual~~[prescribed by the Department of Revenue]~~;

(17)~~[(g)]~~ Except as provided in KRS 138.470(6), if a motor vehicle is received by an individual as a gift and not purchased or leased by the individual, "retail price" shall be the~~[average]~~ trade-in value given in the~~[automotive]~~ reference manual~~[prescribed by the Department of Revenue]~~;

(18)~~[(h)]~~ If a dealer transfers a motor vehicle which he has registered as a loaner or rental motor vehicle within one hundred eighty (180) days of the registration, and if less than five thousand (5,000) miles have been placed on the vehicle during the period of its registration as a loaner or rental motor vehicle, then the "retail price" of the vehicle shall be the same as the retail price determined by paragraph (a) of~~[~~

~~this~~] subsection ***(12) of this section*** computed as of the date on which the vehicle is transferred;~~[and]~~

(19) "Retail price" for motor vehicles titled pursuant to KRS 186A.520, 186A.525, 186A.530, or 186A.555 means the total consideration given as attested to in a notarized affidavit;

(20)~~[(13)]~~ "Loaner or rental motor vehicle" means a motor vehicle owned or registered by a dealer and which is regularly loaned or rented to customers of the service or repair component of the dealership***;***

(21) "Department" means the Department of Revenue;

(22) "Notarized affidavit" means a dated affidavit signed by the buyer and the seller on which the signature of the buyer and the signature of the seller are individually notarized; and

(23) "Reference manual" means the automotive reference manual prescribed by the department.

Section 2. KRS 138.460 is amended to read as follows:

(1) A tax levied upon its retail price at the rate of six percent (6%) shall be paid on the use in this state of every motor vehicle, except those exempted by KRS 138.470, at the time and in the manner provided in this section.

(2) The tax shall be collected by the county clerk or other officer with whom the vehicle is required to be titled or registered:

(a) When the fee for titling or registering a motor vehicle the first time it is offered for titling or registration in this state is collected; or

(b) Upon the transfer of title or registration of any motor vehicle previously titled or registered in this state.

(3) The tax imposed by subsection (1) of this section and collected under subsection (2) of this section shall not be collected if the owner provides to the county clerk a signed affidavit of nonhighway use, on a form provided by the department, attesting

that the vehicle will not be used on the highways of the Commonwealth. If this type of affidavit is provided, the clerk shall, in accordance with the provisions of KRS Chapter 139, immediately collect the applicable sales and use tax due on the vehicle.

(4) (a) The tax collected by the county clerk under this section shall be reported and remitted to the Department~~[of Revenue]~~ on forms ***prescribed and*** provided by the department~~[and on those forms as the department may prescribe]~~. The department shall provide each county clerk affidavit forms which the clerk shall provide to the public free of charge to carry out the provisions of KRS 138.450 and subsection (3) of this section. The county clerk shall for his services in collecting the tax be entitled to retain an amount equal to three percent (3%) of the tax collected and accounted for.

(b) The sales and use tax collected by the county clerk under subsection (3) of this section shall be reported and remitted to the department on forms which the department shall prescribe and provide at no cost. The county clerk shall, for his or her services in collecting the tax, be entitled to retain an amount equal to three percent (3%) of the tax collected and accounted for.

(c) Motor vehicle dealers licensed pursuant to KRS Chapter 190 shall not owe or be responsible for the collection of sales and use tax due under subsection (3) of this section.

(5) A county clerk or other officer shall not title, register or issue any license tags to the owner of any motor vehicle subject to the tax imposed by subsection (1) of this section or the tax imposed by KRS Chapter 139, when the vehicle is being offered for titling or registration for the first time, or transfer the title of any motor vehicle previously registered in this state, unless the owner or his agent pays the tax levied under subsection (1) of this section or the tax imposed by KRS Chapter 139, if applicable, in addition to any title, registration, or license fees.

(6) (a) When a person offers a motor vehicle:

1. For titling on or after March 20, 2005; or

2. For registration;

for the first time in this state which was registered in another state that levied a tax substantially identical to the tax levied under this section, the person shall be entitled to receive a credit against the tax imposed by this section equal to the amount of tax paid to the other state. A credit shall not be given under this subsection for taxes paid in another state if that state does not grant similar credit for substantially identical taxes paid in this state.

(b) When a resident of this state offers a motor vehicle for registration for the first time in this state:

1. Upon which the Kentucky sales and use tax was paid by the resident offering the motor vehicle for registration at the time of titling under subsection (3) of this section; and

2. For which the resident provides proof that the tax was paid;

a nonrefundable credit shall be given against the tax imposed by subsection (1) of this section for the sales and use tax paid.

(7) A county clerk or other officer shall not title, register, or issue any license tags to the owner of any motor vehicle subject to this tax, when the vehicle is then being offered for titling or registration for the first time, unless the seller or his agent delivers to the county clerk a notarized affidavit, if required, and available under KRS 138.450 attesting to the total and actual consideration paid or to be paid for the motor vehicle. If a notarized affidavit is not available, the clerk shall follow the procedures under KRS 138.450(12)***(b)***[~~(a)~~] for new vehicles, and KRS 138.450***(14)***[~~(12)(c), (d),~~] or ***(15)***[~~(e)~~] for used vehicles. The clerk shall attach the notarized affidavit, if available, or other documentation attesting to the retail price of the vehicle as the department[~~ of Revenue~~] may prescribe by administrative

regulation promulgated under KRS Chapter 13A to the copy of the certificate of registration and application for title mailed to the department.

(8) Notwithstanding the provisions of KRS 138.450, the tax shall not be less than six dollars ($6) upon titling or first registration of a motor vehicle in this state, except where the vehicle is exempt from tax under KRS 138.470 or 154.45-090.

(9) Where a motor vehicle is sold by a dealer in this state and the purchaser returns the vehicle for any reason to the same dealer within sixty (60) days for a vehicle replacement or a refund of the purchase price, the purchaser shall be entitled to a refund of the amount of usage tax received by the department~~[of Revenue]~~ as a result of the registration of the returned vehicle. In the case of a new motor vehicle, the registration of the returned vehicle shall be canceled and the vehicle shall be considered to have not been previously registered in Kentucky when resold by the dealer.

(10) When a manufacturer refunds the retail purchase price or replaces a new motor vehicle for the original purchaser within ninety (90) days because of malfunction or defect, the purchaser shall be entitled to a refund of the amount of motor vehicle usage tax received by the department~~[of Revenue]~~ as a result of the first titling or registration. A person shall not be entitled to a refund unless the person has filed with the department~~[of Revenue]~~ a report from the manufacturer identifying the vehicle that was replaced and stating the date of replacement.

(11) Notwithstanding the time limitations of subsections (9) and (10) of this section, when a dealer or manufacturer refunds the retail purchase price or replaces a motor vehicle for the purchaser as a result of formal arbitration or litigation, or, in the case of a manufacturer, because ordered to do so by a dispute resolution system established under KRS 367.865 or 16 C.F.R. 703, the purchaser shall be entitled to a refund of the amount of motor vehicle usage tax received by the department~~[of Revenue]~~ as a result of the titling or registration. A person shall not be entitled to a

refund unless the person files with the department~~[of Revenue]~~ a report from the dealer or manufacturer identifying the vehicle that was replaced.

(12) (a) An owner who has paid the tax levied under this section on a used motor vehicle or U-Drive-It vehicle based upon the retail price as defined in KRS 138.450(16)(a) shall be entitled to a refund of any tax overpayment, plus applicable interest as provided in KRS 131.183, if the owner:

1. Files for a refund with the department within four (4) years from the date the tax was paid as provided in KRS 134.580; and

2. Documents to the satisfaction of the department that the condition of the vehicle merits a retail price lower than the retail price as defined in KRS 138.450(16)(a).

(b) The department shall promulgate administrative regulations to develop the forms and the procedures by which the owner can apply for a refund and document the condition of the vehicle. The department shall provide the information to each county clerk.

(c) The refund shall be based upon the difference between the tax paid and the tax determined to be due by the department at the time the owner titled or registered the vehicle.

Section 3. KRS 138.4605 is amended to read as follows:

(1) A motor vehicle dealer who operates a service or repair component in his dealership may register a motor vehicle to be used exclusively as a loaner or rental motor vehicle to the customers of this service or repair department. The dealer may pay usage tax on the loaner or rental motor vehicle as provided in KRS 138.460, or, subject to the provisions of this section, may pay a usage tax of twenty-five dollars ($25) per month on the loaner or rental motor vehicle.

(2) A dealer shall pay the usage tax on a loaner or rental motor vehicle in the manner provided by KRS 138.460 unless the dealer shows to the satisfaction of the

Department of Revenue that he is regularly engaged in the servicing or repair of motor vehicles and loans or rents the loaner or rental motor vehicle to a retail customer while the customer's motor vehicle is at the dealership for repair or service.

(3) For a dealer to be eligible to pay the usage tax on a loaner or rental motor vehicle under this section, the dealer shall identify the motor vehicle as a loaner or rental motor vehicle to the Department of Revenue and shall maintain records, as required by the Department of Revenue, which show all uses of the loaner or rental motor vehicle.

(4) The tax due under subsection (1) of this section shall be remitted to the Department of Revenue monthly on forms prescribed by and in accordance with administrative regulations promulgated by the department.

(5) Failure of a motor vehicle dealer to remit the taxes applicable to a loaner or rental motor vehicle under this section shall be sufficient cause for the Department of Revenue to revoke the authority to use that motor vehicle as a loaner or rental motor vehicle and cause the usage tax on that motor vehicle to be due and payable in accordance with KRS 138.460 on the retail price of that motor vehicle when it was first registered as a loaner or rental motor vehicle.

(6) A motor vehicle no longer covered under the loaner permit program shall be taxed in the same manner as motor vehicles under KRS 138.450(12) ***or (16)***.

Section 4. KRS 138.464 is amended to read as follows:

(1) The county clerk shall report each Monday to the department~~[of Revenue]~~ all moneys collected during the previous week, together with a duplicate of all receipts issued by him during the same period.

(2) The clerk shall deposit motor vehicle usage tax collections not later than the next business day following receipt in a Commonwealth of Kentucky, Department of Revenue account in a bank designated as a depository for state funds. The clerk

may be required to then cause the funds to be transferred from the local depository bank to the State Treasury in whatever manner and at times prescribed by the commissioner of the department~~[of Revenue]~~ or his designee.

(3) Failure to forward duplicates of all receipts issued during the reporting period or failure to file the weekly report of moneys collected shall subject the clerk to a penalty of two and one-half percent (2.5%) of the amount of moneys collected during the reporting period for each month or fraction thereof until the documents are filed.

(4) Failure to deposit or, if required, transfer collections as required above shall subject the clerk to a penalty of two and one-half percent (2.5%) of the amount not deposited or, if required, not transferred for each day until the collections are deposited or transferred as required above. The penalty for failure to deposit or transfer money collected shall not be less than fifty dollars ($50) nor more than five hundred dollars ($500) per day.

(5) The penalties provided in this section shall not apply if the failure of the clerk is due to reasonable cause.

(6) The department may in its discretion grant a county clerk a reasonable extension of time to file his report or make any transfer of deposits as required above. The extension, however, must be requested prior to the end of the seven (7) day period and shall begin to run at the end of said period.

(7) All penalties collected under this provision shall be paid into the State Treasury as a part of the revenue collected under KRS 138.450 to 138.729.

Section 5. This Part takes effect January 1, 2007.

PART XXXVI

SALES OF MOTOR VEHICLES TO NONRESIDENTS

Notwithstanding KRS 48.310, the following statutes are amended or created to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

Section 1. KRS 139.470 is amended to read as follows:

There are excluded from the computation of the amount of taxes imposed by this chapter:

(1) Gross receipts from the sale of, and the storage, use, or other consumption in this state of, tangible personal property which this state is prohibited from taxing under the Constitution or laws of the United States, or under the Constitution of this state;

(2) Gross receipts from sales of, and the storage, use, or other consumption in this state of:

(a) Nonreturnable and returnable containers when sold without the contents to persons who place the contents in the container and sell the contents together with the container; and

(b) Returnable containers when sold with the contents in connection with a retail sale of the contents or when resold for refilling;

As used in this section the term "returnable containers" means containers of a kind customarily returned by the buyer of the contents for reuse. All other containers are "nonreturnable containers";

(3) Gross receipts from the sale of, and the storage, use, or other consumption in this state of, tangible personal property used for the performance of a lump-sum, fixed-fee contract of public works executed prior to February 5, 1960;

(4) Gross receipts from occasional sales of tangible personal property and the storage, use, or other consumption in this state of tangible personal property, the transfer of which to the purchaser is an occasional sale;

(5) Gross receipts from sales of tangible personal property to a common carrier, shipped by the retailer via the purchasing carrier under a bill of lading, whether the freight is paid in advance or the shipment is made freight charges collect, to a point

outside this state and the property is actually transported to the out-of-state destination for use by the carrier in the conduct of its business as a common carrier;

(6) Gross receipts from sales of tangible personal property sold through coin-operated bulk vending machines, if the sale amounts to fifty cents ($0.50) or less, if the retailer is primarily engaged in making the sales and maintains records satisfactory to the department. As used in this subsection, "bulk vending machine" means a vending machine containing unsorted merchandise which, upon insertion of a coin, dispenses the same in approximately equal portions, at random and without selection by the customer;

(7) Gross receipts from sales to any cabinet, department, bureau, commission, board, or other statutory or constitutional agency of the state and gross receipts from sales to counties, cities, or special districts as defined in KRS 65.005. This exemption shall apply only to purchases of property or services for use solely in the government function. A purchaser not qualifying as a governmental agency or unit shall not be entitled to the exemption even though the purchaser may be the recipient of public funds or grants;

(8) (a) Gross receipts from the sale of sewer services, water, and fuel to Kentucky residents for use in heating, water heating, cooking, lighting, and other residential uses. As used in this subsection, "fuel" shall include but not be limited to natural gas, electricity, fuel oil, bottled gas, coal, coke, and wood. Determinations of eligibility for the exemption shall be made by the Department of Revenue;

(b) In making the determinations of eligibility, the department shall exempt from taxation all gross receipts derived from sales:

1. Classified as "residential" by a utility company as defined by applicable tariffs filed with and accepted by the Public Service Commission;

2. Classified as "residential" by a municipally owned electric distributor which purchases its power at wholesale from the Tennessee Valley Authority;

3. Classified as "residential" by the governing body of a municipally owned electric distributor which does not purchase its power from the Tennessee Valley Authority, if the "residential" classification is reasonably consistent with the definitions of "residential" contained in tariff filings accepted and approved by the Public Service Commission with respect to utilities which are subject to Public Service Commission regulation.

If the service is classified as residential, use other than for "residential" purposes by the customer shall not negate the exemption;

(c) The exemption shall not apply if charges for sewer service, water, and fuel are billed to an owner or operator of a multi-unit residential rental facility or mobile home and recreational vehicle park other than residential classification; and

(d) The exemption shall apply also to residential property which may be held by legal or equitable title, by the entireties, jointly, in common, as a condominium, or indirectly by the stock ownership or membership representing the owner's or member's proprietary interest in a corporation owning a fee or a leasehold initially in excess of ninety-eight (98) years;

(9) Any rate increase for school taxes and any other charges or surcharges added to the total amount of a residential telephone bill;

(10) Gross receipts from sales to an out-of-state agency, organization, or institution exempt from sales and use tax in its state of residence when that agency, organization, or institution gives proof of its tax-exempt status to the retailer and the retailer maintains a file of the proof;

(11) Gross receipts derived from the sale of, and the storage, use, or other consumption in this state of, tangible personal property to be used in the manufacturing or industrial processing of tangible personal property at a plant facility and which will be for sale. The property shall be regarded as having been purchased for resale. "Plant facility" shall have the same meaning as defined in KRS 139.170(3). For purposes of this subsection, a manufacturer or industrial processor includes an individual or business entity that performs only part of the manufacturing or industrial processing activity and the person or business entity need not take title to tangible personal property that is incorporated into, or becomes the product of, the activity.

(a) Industrial processing includes refining, extraction of petroleum and natural gas, mining, quarrying, fabricating, and industrial assembling. As defined herein, tangible personal property to be used in the manufacturing or industrial processing of tangible personal property which will be for sale shall mean:

1. Materials which enter into and become an ingredient or component part of the manufactured product.

2. Other tangible personal property which is directly used in manufacturing or industrial processing, if the property has a useful life of less than one (1) year. Specifically these items are categorized as follows:

a. Materials. This refers to the raw materials which become an ingredient or component part of supplies or industrial tools exempt under subdivisions b. and c. below.

b. Supplies. This category includes supplies such as lubricating and compounding oils, grease, machine waste, abrasives, chemicals, solvents, fluxes, anodes, filtering materials, fire brick, catalysts,

dyes, refrigerants, explosives, etc. The supplies indicated above need not come in direct contact with a manufactured product to be exempt. "Supplies" does not include repair, replacement, or spare parts of any kind.

c. Industrial tools. This group is limited to hand tools such as jigs, dies, drills, cutters, rolls, reamers, chucks, saws, spray guns, etc., and to tools attached to a machine such as molds, grinding balls, grinding wheels, dies, bits, cutting blades, etc. Normally, for industrial tools to be considered directly used in manufacturing, they shall come into direct contact with the product being manufactured.

3. Materials and supplies that are not reusable in the same manufacturing process at the completion of a single manufacturing cycle, excluding repair, replacement, or spare parts of any kind. A single manufacturing cycle shall be considered to be the period elapsing from the time the raw materials enter into the manufacturing process until the finished product emerges at the end of the manufacturing process.

(b) It shall be noted that in none of the three (3) categories is any exemption provided for repair, replacement, or spare parts. Repair, replacement, or spare parts shall not be considered to be materials, supplies, or industrial tools directly used in manufacturing or industrial processing. "Repair, replacement, or spare parts" shall have the same meaning as set forth in KRS 139.170;

(12) Any water use fee paid or passed through to the Kentucky River Authority by facilities using water from the Kentucky River basin to the Kentucky River Authority in accordance with KRS 151.700 to 151.730 and administrative regulations promulgated by the authority;

(13) Gross receipts from the sale of newspaper inserts or catalogs purchased for storage, use, or other consumption outside this state and delivered by the retailer's own vehicle to a location outside this state, or delivered to the United States Postal Service, a common carrier, or a contract carrier for delivery outside this state, regardless of whether the carrier is selected by the purchaser or retailer or an agent or representative of the purchaser or retailer, or whether the F.O.B. is retailer's shipping point or purchaser's destination.

(a) As used in this subsection:

1. "Catalogs" means tangible personal property that is printed to the special order of the purchaser and composed substantially of information regarding goods and services offered for sale; and

2. "Newspaper inserts" means printed materials that are placed in or distributed with a newspaper of general circulation.

(b) The retailer shall be responsible for establishing that delivery was made to a non-Kentucky location through shipping documents or other credible evidence as determined by the department;

(14) Gross receipts from the sale of water used in the raising of equine as a business;

(15) Gross receipts from the sale of metal retail fixtures manufactured in this state and purchased for storage, use, or other consumption outside this state and delivered by the retailer's own vehicle to a location outside this state, or delivered to the United States Postal Service, a common carrier, or a contract carrier for delivery outside this state, regardless of whether the carrier is selected by the purchaser or retailer or an agent or representative of the purchaser or retailer, or whether the F.O.B. is the retailer's shipping point or the purchaser's destination.

(a) As used in this subsection, "metal retail fixtures" means check stands and belted and nonbelted checkout counters, whether made in bulk or pursuant to

specific purchaser specifications, that are to be used directly by the purchaser or to be distributed by the purchaser.

(b) The retailer shall be responsible for establishing that delivery was made to a non-Kentucky location through shipping documents or other credible evidence as determined by the department;

(16) Gross receipts from the sale of unenriched or enriched uranium purchased for ultimate storage, use, or other consumption outside this state and delivered to a common carrier in this state for delivery outside this state, regardless of whether the carrier is selected by the purchaser or retailer, or is an agent or representative of the purchaser or retailer, or whether the F.O.B. is the retailer's shipping point or purchaser's destination;

(17) Amounts received from a tobacco buydown. As used in this subsection, "buydown" means an agreement whereby an amount, whether paid in money, credit, or otherwise, is received by a retailer from a manufacturer or wholesaler based upon the quantity and unit price of tobacco products sold at retail that requires the retailer to reduce the selling price of the product to the purchaser without the use of a manufacturer's or wholesaler's coupon or redemption certificate;

(18) Gross receipts from the sale of property returned by a purchaser when the full sales price is refunded either in cash or credit. This exclusion shall not apply if the purchaser, in order to obtain the refund, is required to purchase other property at a price greater than the amount charged for the property that is returned;

(19) Gross receipts from the sales of gasoline and special fuels subject to tax under KRS Chapter 138;

(20) The amount of any tax imposed by the United States upon or with respect to retail sales, whether imposed on the retailer or the consumer, not including any manufacturer's excise or import duty;

(21) Gross receipts from the sale of any motor vehicle as defined in KRS 138.450 which is***:***

(a) Sold to a Kentucky resident, registered for use on the public highways***,*** and upon which any applicable tax levied by KRS 138.460 has been paid***; or***

(b) Sold to a nonresident of Kentucky if the nonresident registers the motor vehicle in a state that:

1. Allows residents of Kentucky to purchase motor vehicles without payment of that state's sales tax at the time of sale; or

2. Allows residents of Kentucky to remove the vehicle from that state within a specific period for subsequent registration and use in Kentucky without payment of that state's sales tax;

(22) Gross receipts from the sale of a semi-trailer as defined in KRS 189.010(12) and trailer as defined in KRS 189.010(17);

(23) Gross receipts from the sale of distilled spirits, wine, and malt beverages not consumed on the premises licensed for their sale under the provisions of KRS Chapter 243; and

(24) Gross receipts from the first fifty thousand dollars ($50,000) in sales of admissions to county fairs held in Kentucky in any calendar year by a nonprofit county fair board.

SECTION 2. A NEW SECTION OF KRS CHAPTER 139 IS CREATED TO READ AS FOLLOWS:

All tax receipts, interest, and penalties resulting from the sale of a motor vehicle subject to sales tax under KRS 139.200 and not otherwise exempt from sales tax under Section 1 of this Part shall be deposited in the road fund, unless the motor vehicle has been exempted from the motor vehicle usage tax under KRS 138.460(3) for nonhighway use. All tax receipts, interest, and penalties resulting from the sale of a

motor vehicle, as defined in KRS 138.450, which is purchased for nonhighway use shall continue to be deposited in the general fund.

Section 3. This Part takes effect August 1, 2006.