

1 AN ACT relating to moneys appropriated to the EKSAFE and WKSAFE funds.

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

3 ➔Section 1. KRS 39A.303 is amended to read as follows:

- 4 (1) The East Kentucky State Aid Funding for Emergencies (EKSAFE) fund is
5 established and shall be:
- 6 (a) Administered by the Department of Military Affairs, Division of Emergency
7 Management, in accordance with this section;
- 8 (b) A separate fund to provide financial assistance for those located in the areas
9 named in the Presidential Declaration of a Major Disaster, designated FEMA-
10 4663-DR-KY, and impacted by the July 2022 storms and flooding that
11 occurred in the eastern Kentucky region; and
- 12 (c) Used to provide financial support to those located in the areas named in the
13 Presidential Declaration of a Major Disaster, designated FEMA-4663-DR-
14 KY, in the eastern Kentucky region to recover from the devastation caused by
15 the storms and flooding.
- 16 (2) The Department of Military Affairs or the Division of Emergency Management
17 shall not publicly advertise or solicit contributions from the general public that
18 could potentially impact fundraising efforts of not-for-profit disaster relief agencies.
- 19 (3) The EKSAFE fund may receive state appropriations, gifts, grants, federal funds,
20 and any other funds, both public and private.
- 21 (4) Moneys in the EKSAFE fund as of June 30, 2023, through June 30, 2024, shall not
22 lapse and shall carry forward until June 30, 2024.
- 23 (5) Any interest earnings of the EKSAFE fund shall become a part of the EKSAFE
24 fund and shall not lapse.
- 25 (6) (a) Eligibility to receive financial support from the EKSAFE fund shall be limited
26 to a:
- 27 1. City, county, urban-county government, consolidated local government,

- 1 unified local government, or charter county government;
- 2 2. Nonprofit or public utility service provider;
- 3 3. State agency; or
- 4 4. School district;
- 5 that has disaster-related needs as a result of the devastation experienced from
- 6 the July 2022 storms and flooding.
- 7 (b) An eligible recipient may receive moneys for expenses to provide disaster and
- 8 recovery relief if the recipient:
- 9 1. Is located in the areas named in the Presidential Declaration of a Major
- 10 Disaster, designated FEMA-4663-DR-KY, relating to the storms and
- 11 flooding that occurred in July 2022; and
- 12 2. Has disaster-related needs in response to the storms and flooding that
- 13 occurred in July 2022.
- 14 (c) The financial support shall not cover any new construction inside the one
- 15 hundred (100) year floodplain area.
- 16 (d) 1. Eligible expenses shall be those used to support disaster and recovery
- 17 relief, including but not limited to:
- 18 a. ~~i.~~ Replacement or renovation of publicly owned buildings
- 19 damaged by the storms and flooding, but only to the extent
- 20 of damage directly caused by the storms and flooding; and
- 21 ii. *Replacement, renovation, or expansion of an essential*
- 22 *government facility, including police, fire, and ambulance*
- 23 *stations, functioning above capacity at the time of*
- 24 *application, but only to the extent of damage directly*
- 25 *caused by the storms and flooding;*
- 26 b. ~~2.~~ Reimbursement for services, personnel, and equipment provided
- 27 during the response and recovery to communities impacted by the

1 storms and flooding, but only to the extent of damage directly
2 caused by the storms and flooding;

3 ~~c.[3.]~~ Funding to cities, counties, and publicly owned utilities for the
4 costs of replacement or repair of publicly owned buildings and
5 their contents due to the damage from the storms and flooding, but
6 only to the extent of damage directly caused by the storms and
7 flooding;

8 ~~d.[4.]~~ Assistance to cities and counties for expenses related to planning
9 efforts for rebuilding and recovering from the damage, but only to
10 the extent of damage directly caused by the storms and flooding;

11 ~~e.[5.]~~ Assistance to support disaster recovery and relief needs of local
12 school districts, but only to the extent of loss or damage directly
13 caused by the storms and flooding, including but not limited to:

14 ~~i.[a.]~~ Financial support for school districts that will experience a
15 default in bond payments; and

16 ~~ii.[b.]~~ Financial support to assist school districts with building and
17 tangible property replacement needs; and

18 ~~f.[6.]~~ Contracted employees to administer and report on the funds.

19 **2. a. The eligible expenses described in subparagraph 1.a.i. or ii. of**
20 **this paragraph shall be:**

21 **i. Issued in the form of a loan; and**

22 **ii. Used to replace, renovate, or expand an essential**
23 **government facility up to one hundred twenty percent**
24 **(120%) of capacity at the time of application for proceeds.**

25 **b. Any loan issued under subdivision a. of this subparagraph shall**
26 **contain the following terms:**

27 **i. An interest rate of zero percent;**

- 1 ii. A time for repayment of no longer than twenty (20) years;
 2 and
 3 iii. A repayment structure of quarterly payments due on the
 4 thirtieth day of March, June, September, and December of
 5 each year until the loan is repaid.

- 6 (7) Each recipient of moneys from the EKSAFE fund, including any agency of
 7 Kentucky state government, shall:
- 8 (a) Retain documentation of a timely application for any applicable
 9 reimbursement, including but not limited to federal emergency disaster grant
 10 assistance, other financial disaster assistance, and insurance proceeds; and
- 11 (b) Adhere to the terms of the EKSAFE fund regarding reimbursement to the
 12 Commonwealth if funds from other sources are subsequently received after
 13 the receipt of financial assistance from the Commonwealth.
- 14 (8) (a) Moneys in the EKSAFE fund may be used for the advancement of moneys to
 15 cities, counties, school districts, and nonprofit or public utility service
 16 providers experiencing strained fiscal liquidity while awaiting reimbursement
 17 from federal emergency management assistance or insurance claims and shall
 18 not be used for capital improvements.
- 19 (b) Reimbursement of the advancement under paragraph (a) of this subsection
 20 shall:
- 21 1. Be determined by the:
- 22 a. State-local finance officer within the Department for Local
 23 Government for cities and counties, and nonprofit or public
 24 utilities; and
- 25 b. Department of Education for school districts; and
- 26 2. Include a quarterly accounting of the advancement released and the
 27 outstanding balance through June 30, 2024.

1 (9) (a) 1. If a recipient of moneys from the EKSAFE fund subsequently receives
 2 moneys from any other source, the recipient shall reimburse the
 3 Commonwealth for the amount of the moneys received from the
 4 EKSAFE fund.

5 ~~2.(b)~~ Before July 1, 2024, all moneys reimbursed to the Commonwealth
 6 under subparagraph 1. of this paragraph~~[(a) of this subsection]~~ shall be
 7 deposited in the EKSAFE fund within thirty (30) days, and shall be
 8 continuously appropriated.

9 ~~3.(c)~~ After June 30, 2024, all moneys reimbursed to the Commonwealth
 10 under subparagraph 1. of this paragraph~~[(a) of this subsection]~~ shall be
 11 deposited into the budget reserve trust fund account established in KRS
 12 48.705 within thirty (30) days.

13 (b) 1. If a recipient receives moneys in the form of a loan under subsection
 14 (6)(d)2. of this section, the recipient shall reimburse the
 15 Commonwealth for the amount of the moneys received from the
 16 EKSAFE fund according to the repayment structure under subsection
 17 (6)(d)2.b.iii of this section.

18 2. Before July 1, 2024, all moneys reimbursed to the Commonwealth
 19 under subparagraph 1. of this paragraph shall be deposited in the
 20 EKSAFE fund within thirty (30) days, and shall be continuously
 21 appropriated.

22 3. After June 30, 2024, all moneys reimbursed to the Commonwealth
 23 under subparagraph 1. of this paragraph shall be deposited into the
 24 budget reserve trust fund account established in KRS 48.705 within
 25 thirty (30) days.

26 (10) The Division of Emergency Management shall promulgate administrative
 27 regulations to carry out this section.

1 (11) The following reports shall be submitted to the Senate Standing Committee on
 2 Appropriations and Revenue and the House Standing Committee on Appropriations
 3 and Revenue or the Interim Joint Committee on Appropriations and Revenue by the
 4 tenth day of each month, beginning September 10, 2022, and ending July 10, 2024:

- 5 (a) A report from the Office of State Budget Director that includes:
- 6 1. The name of each recipient of moneys from the EKSAFE fund;
 - 7 2. The dollar amount of moneys issued and the dates of issuance;
 - 8 3. A description of how the moneys were used; and
 - 9 4. A list of all requests:
 - 10 a. Submitted, including the amount requested;
 - 11 b. Denied, including a description of the reason for the denial; and
 - 12 c. Where the amount awarded was greater than or less than the
 13 amount requested, including a description of the reason for the
 14 increase or decrease; and
- 15 (b) A report from the Department of Education that includes:
- 16 1. The name of each school district receiving moneys from the EKSAFE
 17 fund;
 - 18 2. The dollar amount of moneys issued and the dates of issuance;
 - 19 3. A description of how the moneys were used; and
 - 20 4. A list of all requests:
 - 21 a. Submitted, including the amount requested;
 - 22 b. Denied, including a description of the reason for the denial; and
 - 23 c. Where the amount awarded was greater than or less than the
 24 amount requested, including a description of the reason for the
 25 increase or decrease.

26 ➔Section 2. KRS 39A.305 is amended to read as follows:

27 (1) The West Kentucky State Aid Funding for Emergencies (WKSAFE) fund is

1 established and shall be:

2 (a) Administered by the Department of Military Affairs, Division of Emergency
3 Management, in accordance with this section;

4 (b) A separate fund to provide financial assistance for those impacted by the
5 December 2021 storms and tornadoes that occurred in the west Kentucky
6 region; and

7 (c) Used to provide financial support to the west Kentucky region to recover from
8 the devastation caused by the storms and tornadoes.

9 (2) The Department of Military Affairs or the Division of Emergency Management
10 shall not publicly advertise or solicit contributions from the general public that
11 could potentially impact fundraising efforts of not-for-profit disaster relief agencies.

12 (3) The WKSAFE fund may receive state appropriations, gifts, grants, federal funds,
13 and any other funds, both public and private.

14 (4) Moneys in the WKSAFE fund as of June 30, 2022, through June 30, 2026, shall not
15 lapse and shall carry forward until June 30, 2026.

16 (5) Any interest earnings of the WKSAFE fund shall become a part of the WKSAFE
17 fund and shall not lapse.

18 (6) ~~[(a)]~~ Eligibility to receive financial support from the WKSAFE fund shall be
19 limited to a:

20 ~~[(a)]~~ City, county, urban-county government, consolidated local government,
21 unified local government, or charter county government;

22 ~~[(b)]~~ Nonprofit or public utility service provider;

23 ~~[(c)]~~ State agency;

24 ~~[(d)]~~ School district; or

25 ~~[(e)]~~ Qualified lender as defined in KRS 154.20-580;

26 that has disaster-related needs as a result of the devastation experienced from the
27 December 2021 storms and tornadoes.

1 ~~(Z)~~~~(b)~~ An eligible recipient may receive moneys for expenses to provide disaster and
2 recovery relief if the recipient:

3 ~~(a)~~~~(1)~~ Is located in the areas named in a Presidential Declaration of Emergency
4 relating to the storms and tornadoes that occurred in December 2021; and

5 ~~(b)~~~~(2)~~ Has disaster-related needs in response to the storms and tornadoes that
6 occurred in December 2021.

7 ~~(8)~~~~(e)~~ Eligible expenses shall be those used to support disaster and recovery relief,
8 including but not limited to:

9 ~~(a)~~ 1. Replacement or renovation of publicly owned buildings damaged by the
10 storms and tornadoes, but only to the extent of damage directly caused
11 by the storms and tornadoes; and

12 2. Replacement, renovation, or expansion of an essential government
13 facility, including police, fire, and ambulance stations, functioning
14 above capacity at the time of application, but only to the extent of
15 damage directly caused by the storms and tornadoes;

16 ~~(b)~~~~(2)~~ Reimbursement for services, personnel, and equipment provided during
17 the response and recovery to communities impacted by the storms and
18 tornadoes, but only to the extent of damage directly caused by the storms and
19 tornadoes;

20 ~~(c)~~~~(3)~~ Funding to cities, counties, and publicly owned utilities for the costs of
21 replacement or repair of publicly owned buildings and their contents due to
22 the damage from the storms and tornadoes, but only to the extent of damage
23 directly caused by the storms and tornadoes;

24 ~~(d)~~~~(4)~~ Assistance to cities and counties for expenses related to planning efforts
25 for rebuilding and recovering from the damage, but only to the extent of
26 damage directly caused by the storms and tornadoes;

27 ~~(e)~~~~(5)~~ Assistance to support disaster recovery and relief needs of local school

1 districts, but only to the extent of damage directly caused by the storms and
2 tornadoes, including but not limited to:

3 ~~1.~~^[a.] Financial support for school districts that will experience a default in
4 bond payments; and

5 ~~2.~~^[b.] Financial support to assist school districts with building and tangible
6 property replacement needs;

7 ~~(f)~~^[6.] Contracted employees to administer and report on the funds; and

8 ~~(g)~~ ~~1.~~^[7. a.] Financial assistance to cities, counties, and school districts for
9 realized revenue losses, but only to the extent the loss is directly caused
10 by the storms and tornadoes, and to be determined on a quarterly basis
11 by the:

12 ~~a.~~^[i.] State-local finance officer within the Department for Local
13 Government for cities and counties; and

14 ~~b.~~^[ii.] Department of Education for school districts.

15 ~~2.~~^[b.] The financial assistance determined in subparagraph 1. of this
16 paragraph~~[subdivision a. of this subparagraph]~~ shall be limited to:

17 ~~a.~~^[i.] One hundred percent (100%) of the lost revenue in fiscal year
18 2022-2023;

19 ~~b.~~^[ii.] Sixty-six percent (66%) of the lost revenue in fiscal year 2023-
20 2024; and

21 ~~c.~~^[iii.] Thirty-three percent (33%) of the lost revenue in fiscal year
22 2024-2025.

23 (9) (a) The eligible expenses described in subsection (8)(a)1. or 2. of this section
24 shall be:

25 1. Issued in the form of a loan; and

26 2. Used to replace, renovate, or expand an essential government facility
27 up to one hundred twenty percent (120%) of capacity at the time of

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

application for proceeds.

(b) Any loan issued under paragraph (a) of this subsection shall contain the following terms:

- 1. An interest rate of zero percent;
- 2. A time for repayment of no longer than twenty (20) years; and
- 3. A repayment structure of quarterly payments due on the thirtieth day of March, June, September, and December of each year until the loan is repaid.

~~(10)(7)~~ Each recipient of moneys from the WKSAFE fund, including any agency of Kentucky state government, shall:

- (a) Timely apply for federal emergency disaster grant assistance, other financial disaster assistance, and insurance proceeds; and
- (b) Adhere to the terms of the WKSAFE fund regarding reimbursement to the Commonwealth if funds from other sources are subsequently received after the receipt of financial assistance from the Commonwealth.

~~(11)(8)~~ (a) Moneys in the WKSAFE fund may be used for the advancement of moneys to cities, counties, and nonprofit or public utility service providers experiencing strained fiscal liquidity while awaiting reimbursement from federal emergency management assistance or insurance claims and shall not be used for capital improvements.

(b) Reimbursement of the advancement under paragraph (a) of this subsection shall:

- 1. Be determined by the:
 - a. State-local finance officer within the Department for Local Government for cities and counties, and nonprofit or public utilities; and
 - b. Department of Education for school districts; and

1 2. Include a quarterly accounting of the advancement released and the
2 outstanding balance through June 30, 2026.

3 ~~(12)~~~~(9)~~ (a) 1. If a recipient of moneys from the WKSAFE fund subsequently
4 receives moneys from any other source, the recipient shall reimburse the
5 Commonwealth for the amount of the moneys received from the
6 WKSAFE fund.

7 ~~2.~~~~(b)~~ Before July 1, 2026, all moneys reimbursed to the Commonwealth
8 under subparagraph 1. of this paragraph~~(a) of this subsection~~ shall be
9 deposited in the WKSAFE~~West Kentucky State Aid Funding for~~
10 ~~Emergencies (WKSAFE)~~ fund within thirty (30) days, and shall be
11 continuously appropriated.

12 ~~3.~~~~(c)~~ After June 30, 2026, all moneys reimbursed to the Commonwealth
13 under subparagraph 1. of this paragraph~~(a) of this subsection~~ shall be
14 deposited into the budget reserve trust fund account established in KRS
15 48.705 within thirty (30) days.

16 **(b) 1. If a recipient receives moneys in the form of a loan under subsection**
17 **(9)(a) of this section, the recipient shall reimburse the Commonwealth**
18 **for the amount of the moneys received from the WKSAFE fund**
19 **according to the repayment structure under subsection (9)(b)3. of this**
20 **section.**

21 **2. Before July 1, 2026, all moneys reimbursed to the Commonwealth**
22 **under subparagraph 1. of this paragraph shall be deposited in the**
23 **WKSAFE fund within thirty (30) days, and shall be continuously**
24 **appropriated.**

25 **3. After June 30, 2026, all moneys reimbursed to the Commonwealth**
26 **under subparagraph 1. of this paragraph shall be deposited into the**
27 **budget reserve trust fund account established in KRS 48.705 within**

1 thirty (30) days.

2 ~~(13)~~~~(10)~~ The Division of Emergency Management shall promulgate administrative
3 regulations to carry out this section.

4 ~~(14)~~~~(11)~~ The following reports shall be submitted to the Senate Standing Committee on
5 Appropriations and Revenue and the House Standing Committee on Appropriations
6 and Revenue or the Interim Joint Committee on Appropriations and Revenue by the
7 tenth day of each month, beginning May 10, 2022, and ending July 10, 2026:

8 (a) A report from the Office of State Budget Director that includes:

- 9 1. The name of each recipient of moneys from the WKSAFE fund;
- 10 2. The dollar amount of moneys issued and the dates of issuance;
- 11 3. A description of how the moneys were used; and
- 12 4. A list of all requests:
 - 13 a. Submitted, including the amount requested;
 - 14 b. Denied, including a description of the reason for the denial; and
 - 15 c. Where the amount awarded was greater than or less than the
16 amount requested, including a description of the reason for the
17 increase or decrease; and

18 (b) A report from the Department of Education that includes:

- 19 1. The name of each school district receiving moneys from the WKSAFE
20 fund;
- 21 2. The dollar amount of moneys issued and the dates of issuance;
- 22 3. A description of how the moneys were used; and
- 23 4. A list of all requests:
 - 24 a. Submitted, including the amount requested;
 - 25 b. Denied, including a description of the reason for the denial; and
 - 26 c. Where the amount awarded was greater than or less than the
27 amount requested, including a description of the reason for the

1 increase or decrease.

- 2 ~~(15)~~~~(12)~~ A report shall be submitted to the Senate Standing Committee on
3 Appropriations and Revenue and the House Standing Committee on Appropriations
4 and Revenue or the Interim Joint Committee on Appropriations and Revenue by the
5 tenth day following the end of each calendar quarter by the Cabinet for Economic
6 Development, beginning July 10, 2026, and ending when no further applications for
7 a loss payment may be submitted under KRS 154.20-589(7), including:
- 8 (a) The name of each qualified lender receiving a loss payment;
 - 9 (b) The dollar amount of the payment received;
 - 10 (c) A description of the loan terms; and
 - 11 (d) An explanation regarding why the loss payment was needed.