

1 AN ACT relating to special purpose funds and declaring an emergency.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 12 IS CREATED TO  
4 READ AS FOLLOWS:

5 (1) As used in this section, "relief fund" means a fund created on- or off-budget by  
6 statute, a government agency, cabinet secretary, appointed or elected official, or  
7 agency head to accept and expend funds received from any source for the  
8 purpose of providing relief to individuals and entities impacted by an emergency.

9 (2) The agency head, cabinet secretary, or appointed or elected official that  
10 administers a relief fund shall provide a report and analysis of all relief funds to  
11 the Legislative Research Commission no later than the end of each fiscal year.

12 (3) The analysis and report of relief funds shall include but not be limited to:

13 (a) A list of the total funds received or pledged, containing the following  
14 information:

15 1. The type of entity, such as business, nonprofit or charitable  
16 organization, or individual; and

17 2. The state and country of origin of the entity;

18 (b) A list of the expenditures or obligated or encumbered funds from the relief  
19 fund by:

20 1. Recipient;

21 2. Type of entity;

22 3. Total amount disbursed;

23 4. Dates of issuance;

24 5. Method of delivery; and

25 6. Purpose of assistance;

26 (c) The statutory and constitutional authority to raise revenue and expend  
27 funds from a state agency to individuals and entities absent an

- 1                    appropriation as required by Section 230 of the Constitution of Kentucky;
- 2                    (d) The program or fund guidelines, application, and procedures established
- 3                    for individuals and entities seeking assistance from the relief fund;
- 4                    (e) The program or fund guidelines and procedures established for the
- 5                    allocation of funds, including:
- 6                    1. The composition of each board, commission, or governing body
- 7                    created to administer the fund or program;
- 8                    2. The roles, assigned responsibilities, and authority of the entities
- 9                    involved in the administration of funds;
- 10                   3. Any standards or procedures used to determine:
- 11                    a. Award amounts;
- 12                    b. Eligibility criteria;
- 13                    c. Types of assistance;
- 14                    d. Prioritization of applications; and
- 15                    e. Fraud and risk mitigation procedures for administration of the
- 16                    relief fund;
- 17                    (f) Any solicitation, analysis, and evaluation procedures for obligation of funds
- 18                    for future expenditures for long-term recovery projects or partnerships with
- 19                    public and private organizations; and
- 20                    (g) Any plans for use of future receipts, and a timeline for dissolution of the
- 21                    program and fund.

22                    ➔ Section 2. KRS 39A.303 is amended to read as follows:

- 23                    (1) The East Kentucky State Aid Funding for Emergencies (EKSAFE) fund is
- 24                    established and shall be:
- 25                    (a) Administered by the Department of Military Affairs, Division of Emergency
- 26                    Management, in accordance with this section;
- 27                    (b) A separate fund to provide financial assistance for those located in the areas

- 1            named in the Presidential Declaration of a Major Disaster, designated FEMA-  
 2            4663-DR-KY, and impacted by the July 2022 storms and flooding that  
 3            occurred in the eastern Kentucky region; and
- 4            (c) Used to provide financial support to those located in the areas named in the  
 5            Presidential Declaration of a Major Disaster, designated FEMA-4663-DR-  
 6            KY, in the eastern Kentucky region to recover from the devastation caused by  
 7            the storms and flooding.
- 8            (2) The Department of Military Affairs or the Division of Emergency Management  
 9            shall not publicly advertise or solicit contributions from the general public that  
 10           shall potentially impact fundraising efforts of not-for-profit disaster relief agencies.
- 11           (3) The EKSAFE fund may receive state appropriations, gifts, grants, federal funds,  
 12           and any other funds, both public and private.
- 13           (4) Moneys in the EKSAFE fund as of June 30, 2023, through June 30, ~~2026~~[2024],  
 14           shall not lapse and shall carry forward until June 30, ~~2026~~[2024].
- 15           (5) Any interest earnings of the EKSAFE fund shall become a part of the EKSAFE  
 16           fund and shall not lapse.
- 17           (6) (a) Eligibility to receive financial support from the EKSAFE fund shall be limited  
 18           to a:
- 19           1. City, county, urban-county government, consolidated local government,  
 20           unified local government, or charter county government;
- 21           2. Nonprofit or public utility service provider;
- 22           3. State agency; or
- 23           4. School district;
- 24           that has disaster-related needs as a result of the devastation experienced from  
 25           the July 2022 storms and flooding.
- 26           (b) An eligible recipient may receive moneys for expenses to provide disaster and  
 27           recovery relief if the recipient:

- 1           1.    Is located in the areas named in the Presidential Declaration of a Major  
2                    Disaster, designated FEMA-4663-DR-KY, relating to the storms and  
3                    flooding that occurred in July 2022; and
- 4           2.    Has disaster-related needs in response to the storms and flooding that  
5                    occurred in July 2022.
- 6           (c)   The financial support shall not cover any new construction inside the one  
7                    hundred (100) year floodplain area.
- 8           (d)   **1.**   Eligible expenses shall be those used to support disaster and recovery  
9                    relief, including but not limited to:
- 10                   **a.** ~~**i.**~~ **[1.]** Replacement or renovation of publicly owned buildings  
11    damaged by the storms and flooding, but only to the extent  
12    of damage directly caused by the storms and flooding; **and**
- 13   **ii.   Replacement, renovation, or expansion of an essential**  
14   **government facility that was used for existing services at**  
15   **the time of the disaster, including police, fire, and**  
16   **ambulance stations, functioning above capacity at the time**  
17   **of application, but only to the extent of damage directly**  
18   **caused by the storms and flooding;**
- 19                   **b.** ~~**[2.]**~~ Reimbursement for services, personnel, and equipment provided  
20   during the response and recovery to communities impacted by the  
21   storms and flooding, but only to the extent of damage directly  
22   caused by the storms and flooding;
- 23                   **c.** ~~**[3.]**~~ Funding to cities, counties, and publicly owned utilities for the  
24   costs of replacement or repair of publicly owned buildings and  
25   their contents due to the damage from the storms and flooding, but  
26   only to the extent of damage directly caused by the storms and  
27   flooding;

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

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

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

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

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

12 **2. a. Moneys used for the eligible expenses described in subparagraph**

13 **1.a.i. or ii. of this paragraph shall be:**

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

15 **ii. Used to replace, renovate, or expand an essential**  
 16 **government facility that was used for existing services at**  
 17 **the time of the disaster at up to one hundred twenty percent**  
 18 **(120%) of capacity at the time of application for proceeds.**

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

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

22 **ii. A time for repayment of no longer than twenty (20) years;**  
 23 **and**

24 **iii. A repayment structure of quarterly payments due on the**  
 25 **thirtieth day of March, June, September, and December of**  
 26 **each year until the loan is repaid.**

27 **c. The recipient of any loan issued under subdivision a. of this**

1                                   *subparagraph shall report to the Department of Military Affairs,*  
2                                   *Division of Emergency Management, on a quarterly basis:*  
3                                   *i. The amount of any insurance proceeds received related to*  
4                                   *the replacement, renovation, or expansion of an essential*  
5                                   *government facility for which the loan was granted; and*  
6                                   *ii. The name and address of the insurance provider.*  
7                                   *d. No later than November 1, 2023, and each November 1*  
8                                   *thereafter, the Department of Military Affairs, Division of*  
9                                   *Emergency Management, shall compile the information reported*  
10                                   *by each recipient under subdivision c. of this subparagraph and*  
11                                   *report the compiled information to the Interim Joint Committee*  
12                                   *on Appropriations and Revenue.*

- 13 (7) Each recipient of moneys from the EKSAFE fund, including any agency of  
14 Kentucky state government, shall:
- 15 (a) Retain documentation of a timely application for any applicable  
16 reimbursement, including but not limited to federal emergency disaster grant  
17 assistance, other financial disaster assistance, and insurance proceeds; and
- 18 (b) Adhere to the terms of the EKSAFE fund regarding reimbursement to the  
19 Commonwealth if funds from other sources are subsequently received after  
20 the receipt of financial assistance from the Commonwealth.
- 21 (8) (a) Moneys in the EKSAFE fund may be used for the advancement of moneys to  
22 cities, counties, school districts, and nonprofit or public utility service  
23 providers experiencing strained fiscal liquidity while awaiting reimbursement  
24 from federal emergency management assistance or insurance claims and shall  
25 not be used for capital improvements.
- 26 (b) Reimbursement of the advancement under paragraph (a) of this subsection  
27 shall:

- 1           1. Be determined by the:
- 2           a. State-local finance officer within the Department for Local
- 3           Government for cities and counties, and nonprofit or public
- 4           utilities; and
- 5           b. Department of Education for school districts; and
- 6           2. Include a quarterly accounting of the advancement released and the
- 7           outstanding balance through June 30, 2026~~[2024]~~.
- 8 (9) (a) 1. If a recipient of moneys from the EKSAFE fund subsequently receives
- 9           moneys from any other source, the recipient shall reimburse the
- 10           Commonwealth for the amount of the moneys received from the
- 11           EKSAFE fund.
- 12           ~~2.[(b)]~~ Before July 1, 2026~~[2024]~~, all moneys reimbursed to the
- 13           Commonwealth under subparagraph 1. of this paragraph~~[(a) of this~~
- 14           ~~subsection]~~ shall be deposited in the EKSAFE fund within thirty (30)
- 15           days, and shall be continuously appropriated.
- 16           ~~3.[(c)]~~ After June 30, 2026~~[2024]~~, all moneys reimbursed to the
- 17           Commonwealth under subparagraph 1. of this paragraph~~[(a) of this~~
- 18           ~~subsection]~~ shall be deposited into the budget reserve trust fund account
- 19           established in KRS 48.705 within thirty (30) days.
- 20           **(b) 1. If a recipient receives moneys in the form of a loan under subsection**
- 21           **(6)(d)2. of this section, the recipient shall reimburse the**
- 22           **Commonwealth for the amount of the moneys received from the**
- 23           **EKSAFE fund according to the repayment structure under subsection**
- 24           **(6)(d)2.b.iii of this section.**
- 25           **2. Before July 1, 2026, all moneys reimbursed to the Commonwealth**
- 26           **under subparagraph 1. of this paragraph shall be deposited in the**
- 27           **EKSAFE fund within thirty (30) days, and shall be continuously**

1                    appropriated.

2                    3. After June 30, 2026, all moneys reimbursed to the Commonwealth  
 3                    under subparagraph 1. of this paragraph shall be deposited into the  
 4                    budget reserve trust fund account established in KRS 48.705 within  
 5                    thirty (30) days.

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

8 (11) The following reports shall be submitted to the Senate Standing Committee on  
 9 Appropriations and Revenue and the House Standing Committee on Appropriations  
 10 and Revenue or the Interim Joint Committee on Appropriations and Revenue by the  
 11 tenth day of each month, beginning September 10, 2022, and ending July 10,  
 12 2026~~[2024]~~:

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

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

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

- 24 1. The name of each school district receiving moneys from the EKSAFE  
 25 fund;
- 26 2. The dollar amount of moneys issued and the dates of issuance;
- 27 3. A description of how the moneys were used; and



- 1           4. A list of all requests:
- 2           a. Submitted, including the amount requested;
- 3           b. Denied, including a description of the reason for the denial; and
- 4           c. Where the amount awarded was greater than or less than the
- 5           amount requested, including a description of the reason for the
- 6           increase or decrease.

7           ➔ Section 3. KRS 39A.305 is amended to read as follows:

- 8           (1) The West Kentucky State Aid Funding for Emergencies (WKSAFE) fund is
- 9           established and shall be:
- 10          (a) Administered by the Department of Military Affairs, Division of Emergency
- 11          Management, in accordance with this section;
- 12          (b) A separate fund to provide financial assistance for those impacted by the
- 13          December 2021 storms and tornadoes that occurred in the west Kentucky
- 14          region; and
- 15          (c) Used to provide financial support to the west Kentucky region to recover from
- 16          the devastation caused by the storms and tornadoes.
- 17          (2) The Department of Military Affairs or the Division of Emergency Management
- 18          shall not publicly advertise or solicit contributions from the general public that
- 19          could potentially impact fundraising efforts of not-for-profit disaster relief agencies.
- 20          (3) The WKSAFE fund may receive state appropriations, gifts, grants, federal funds,
- 21          and any other funds, both public and private.
- 22          (4) Moneys in the WKSAFE fund as of June 30, 2022, through June 30, 2026, shall not
- 23          lapse and shall carry forward until June 30, 2026.
- 24          (5) Any interest earnings of the WKSAFE fund shall become a part of the WKSAFE
- 25          fund and shall not lapse.
- 26          (6) ~~{(a)}~~ Eligibility to receive financial support from the WKSAFE fund shall be
- 27          limited to a:

1        ~~(a)~~<sup>[1-]</sup>     City, county, urban-county government, consolidated local government,  
 2                    unified local government, or charter county government;

3        ~~(b)~~<sup>[2-]</sup>     Nonprofit or public utility service provider;

4        ~~(c)~~<sup>[3-]</sup>     State agency;

5        ~~(d)~~<sup>[4-]</sup>     School district; or

6        ~~(e)~~<sup>[5-]</sup>     Qualified lender as defined in KRS 154.20-580;

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

9        ~~(7)~~<sup>[6-]</sup>     An eligible recipient may receive moneys for expenses to provide disaster and  
 10                    recovery relief if the recipient:

11        ~~(a)~~<sup>[1-]</sup>     Is located in the areas named in a Presidential Declaration of Emergency  
 12                    relating to the storms and tornadoes that occurred in December 2021; and

13        ~~(b)~~<sup>[2-]</sup>     Has disaster-related needs in response to the storms and tornadoes that  
 14                    occurred in December 2021.

15        ~~(8)~~<sup>[e-]</sup>     Eligible expenses shall be those used to support disaster and recovery relief,  
 16                    including but not limited to:

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

20                    ***2.     Replacement, renovation, or expansion of an essential government***  
 21                    ***facility that was used for existing services at the time of the disaster,***  
 22                    ***including police, fire, and ambulance stations, functioning above***  
 23                    ***capacity at the time of application, but only to the extent of damage***  
 24                    ***directly caused by the storms and tornadoes;***

25        ~~(b)~~<sup>[2-]</sup>     Reimbursement for services, personnel, and equipment provided during  
 26                    the response and recovery to communities impacted by the storms and  
 27                    tornadoes, but only to the extent of damage directly caused by the storms and

- 1 tornadoes;
- 2 ~~(c)~~<sup>[3-]</sup> Funding to cities, counties, and publicly owned utilities for the costs of
- 3 replacement or repair of publicly owned buildings and their contents due to
- 4 the damage from the storms and tornadoes, but only to the extent of damage
- 5 directly caused by the storms and tornadoes;
- 6 ~~(d)~~<sup>[4-]</sup> Assistance to cities and counties for expenses related to planning efforts
- 7 for rebuilding and recovering from the damage, but only to the extent of
- 8 damage directly caused by the storms and tornadoes;
- 9 ~~(e)~~<sup>[5-]</sup> Assistance to support disaster recovery and relief needs of local school
- 10 districts, but only to the extent of damage directly caused by the storms and
- 11 tornadoes, including but not limited to:
- 12 ~~1.~~<sup>[a-]</sup> Financial support for school districts that will experience a default in
- 13 bond payments; and
- 14 ~~2.~~<sup>[b-]</sup> Financial support to assist school districts with building and tangible
- 15 property replacement needs;
- 16 ~~(f)~~<sup>[6-]</sup> Contracted employees to administer and report on the funds; and
- 17 ~~(g)~~ ~~1.~~<sup>[7- a-]</sup> Financial assistance to cities, counties, and school districts for
- 18 realized revenue losses, but only to the extent the loss is directly caused
- 19 by the storms and tornadoes, and to be determined on a quarterly basis
- 20 by the:
- 21 ~~a.~~<sup>[i-]</sup> State-local finance officer within the Department for Local
- 22 Government for cities and counties; and
- 23 ~~b.~~<sup>[ii-]</sup> Department of Education for school districts.
- 24 ~~2.~~<sup>[b-]</sup> The financial assistance determined in **subparagraph 1. of this**
- 25 **paragraph**~~[subdivision a. of this subparagraph]~~ shall be limited to:
- 26 ~~a.~~<sup>[i-]</sup> One hundred percent (100%) of the lost revenue in fiscal year
- 27 2022-2023;

- 1 b.[iii-]Sixty-six percent (66%) of the lost revenue in fiscal year 2023-
- 2 2024; and
- 3 c.[iii-] Thirty-three percent (33%) of the lost revenue in fiscal year
- 4 2024-2025.

5 **(9) (a) Moneys used for the eligible expenses described in subsection (8)(a)1. or 2.**

6 **of this section shall be:**

- 7 **1. Issued in the form of a loan; and**
- 8 **2. Used to replace, renovate, or expand an essential government facility**
- 9 **that was used for existing services at the time of the disaster at up to**
- 10 **one hundred twenty percent (120%) of capacity at the time of**
- 11 **application for proceeds.**

12 **(b) Any loan issued under paragraph (a) of this subsection shall contain the**

13 **following terms:**

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

19 **(c) The recipient of any loan issued under paragraph (a) of this subsection**

20 **shall report to the Department of Military Affairs, Division of Emergency**

21 **Management, on a quarterly basis:**

- 22 **1. The amount of any insurance proceeds received related to the**
- 23 **replacement, renovation, or expansion of an essential government**
- 24 **facility for which the loan was granted; and**
- 25 **2. The name and address of the insurance provider.**

26 **(d) No later than November 1, 2023, and each November 1 thereafter, the**

27 **Department of Military Affairs, Division of Emergency Management, shall**

1                    *compile the information reported by each recipient under paragraph (c) of*  
 2                    *this subsection and report the compiled information to the Interim Joint*  
 3                    *Committee on Appropriations and Revenue.*

4     ~~(10)~~<sup>(7)</sup> Each recipient of moneys from the WKSAFE fund, including any agency of  
 5                    Kentucky state government, shall:

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

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

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

- 18                    1. Be determined by the:  
 19                        a. State-local finance officer within the Department for Local  
 20                        Government for cities and counties, and nonprofit or public  
 21                        utilities; and  
 22                        b. Department of Education for school districts; and  
 23                    2. Include a quarterly accounting of the advancement released and the  
 24                    outstanding balance through June 30, 2026.

25     ~~(12)~~<sup>(9)</sup> (a) **I.** If a recipient of moneys from the WKSAFE fund subsequently  
 26                    receives moneys from any other source, the recipient shall reimburse the  
 27                    Commonwealth for the amount of the moneys received from the

1 WKSAFE fund.

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

7 ~~3.[(c)]~~ After June 30, 2026, all moneys reimbursed to the Commonwealth  
8 under subparagraph 1. of this paragraph~~[(a) of this subsection]~~ shall be  
9 deposited into the budget reserve trust fund account established in KRS  
10 48.705 within thirty (30) days.

11 (b) 1. If a recipient receives moneys in the form of a loan under subsection  
12 (9)(a) of this section, the recipient shall reimburse the Commonwealth  
13 for the amount of the moneys received from the WKSAFE fund  
14 according to the repayment structure under subsection (9)(b)3. of this  
15 section.

16 2. Before July 1, 2026, all moneys reimbursed to the Commonwealth  
17 under subparagraph 1. of this paragraph shall be deposited in the  
18 WKSAFE fund within thirty (30) days, and shall be continuously  
19 appropriated.

20 3. After June 30, 2026, all moneys reimbursed to the Commonwealth  
21 under subparagraph 1. of this paragraph shall be deposited into the  
22 budget reserve trust fund account established in KRS 48.705 within  
23 thirty (30) days.

24 ~~(13)[(10)]~~ The Division of Emergency Management shall promulgate administrative  
25 regulations to carry out this section.

26 ~~(14)[(11)]~~ The following reports shall be submitted to the Senate Standing Committee on  
27 Appropriations and Revenue and the House Standing Committee on Appropriations

1 and Revenue or the Interim Joint Committee on Appropriations and Revenue by the  
2 tenth day of each month, beginning May 10, 2022, and ending July 10, 2026:

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

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

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

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

24 ~~(15)~~<sup>(12)</sup> A report shall be submitted to the Senate Standing Committee on  
25 Appropriations and Revenue and the House Standing Committee on Appropriations  
26 and Revenue or the Interim Joint Committee on Appropriations and Revenue by the  
27 tenth day following the end of each calendar quarter by the Cabinet for Economic

1 Development, beginning July 10, 2026, and ending when no further applications for  
 2 a loss payment may be submitted under KRS 154.20-589(7), including:

- 3 (a) The name of each qualified lender receiving a loss payment;
- 4 (b) The dollar amount of the payment received;
- 5 (c) A description of the loan terms; and
- 6 (d) An explanation regarding why the loss payment was needed.

7 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 45 IS CREATED TO  
 8 READ AS FOLLOWS:

9 **(1) As used in this section:**

10 **(a) "Cabinet" means the Public Protection Cabinet;**

11 **(b) "Cost or fee for administrative purposes" means any expenditure that is**  
 12 **not:**

13 **1. Direct aid to a Kentucky resident or a small business; or**

14 **2. A processing fee imposed by a merchant bank or credit card company;**

15 **(c) "Qualified nonprofit organization" means a tax-exempt entity under 26**  
 16 **U.S.C. sec. 501(c)(3) or (4) that:**

17 **1. Agrees to use all grants of moneys from the Kentucky contribution**  
 18 **trust fund established in subsection (2) of this section to serve**  
 19 **Kentucky residents directly impacted by the tornadoes or flooding; and**

20 **2. Provides:**

21 **a. Food;**

22 **b. Clothing;**

23 **c. Shelter;**

24 **d. Utilities;**

25 **e. Medical expenses;**

26 **f. Household needs;**

27 **g. Other necessities of life; or**



- 1                    *h. Long-term financial or rebuilding assistance; and*
- 2                    *(d) "Small business" means any business entity organized for profit, including*
- 3                    *a sole proprietorship, partnership, limited partnership, corporation, limited*
- 4                    *liability company, joint venture, association, or cooperative that:*
- 5                    *1. Had fifty (50) or fewer full-time employees on December 9, 2021;*
- 6                    *2. Is not an affiliate or subsidiary of a larger corporate structure, unless*
- 7                    *the total number of employees of all the affiliates and subsidiaries*
- 8                    *within that structure is fifty (50) or fewer;*
- 9                    *3. Had at least one (1) business location in an area named in the*
- 10                    *Presidential Declaration of a Major Disaster, designated FEMA-4630-*
- 11                    *DR-KY on December 9, 2021, or the Presidential Declaration of a*
- 12                    *Major Disaster, designated FEMA-4663-DR-KY on July 26, 2022;*
- 13                    *4. a. Sustained damage to a business location described in*
- 14                    *subparagraph 3. of this paragraph; or*
- 15                    *b. Experienced business interruption as a result of the severe*
- 16                    *weather events of December 10 and 11, 2021, or from July 26 to*
- 17                    *August 11, 2022;*
- 18                    *5. a. Agrees to use the grant of moneys for a business location*
- 19                    *described in subparagraph 3. of this paragraph; and*
- 20                    *b. Uses the grant of moneys to maintain business operations or*
- 21                    *repair or rebuild that business location;*
- 22                    *6. Is presently in operation or will be in operation; and*
- 23                    *7. Is in good standing with the Kentucky Department of Revenue and the*
- 24                    *Kentucky Secretary of State.*
- 25                    *(2) The Kentucky contribution trust fund is established as a trust and agency account*
- 26                    *in the State Treasury and shall be administered by the cabinet.*
- 27                    *(3) The fund shall consist of all moneys:*

- 1        (a) Solicited by any person within the Governor's General Cabinet described in  
2                KRS 11.060 or employee thereof, within his or her official capacity;
- 3        (b) Donated to or held by the Commonwealth, including but not limited to any  
4                moneys associated with the:
- 5                1. Team Kentucky fund established by the Governor;  
6                2. Team western Kentucky tornado relief fund established by the  
7                Governor following the December 2021 storms and tornadoes that  
8                occurred in the western Kentucky region; and
- 9                3. Team eastern Kentucky flood relief fund established by the Governor  
10                following the July 2022 storms and flooding that occurred in the  
11                eastern Kentucky region; and
- 12        (c) Not required by statute to be deposited in another fund.
- 13        (4) (a) Moneys deposited in the fund shall be accounted for separately based on the  
14                purpose for which the moneys were solicited.
- 15        (b) When moneys are deposited from the funds described in subsection (3)(b) of  
16                this section, the moneys hereby are appropriated for the purposes provided  
17                in this section.
- 18        (c) All other moneys shall be maintained in the fund until appropriated by the  
19                General Assembly.
- 20        (d) All recipients of a grant of moneys from this fund shall certify that they are  
21                in compliance with the requirements of this section prior to receiving any  
22                moneys.
- 23        (e) Applications providing fraudulent information shall be referred by the  
24                Public Protection Cabinet to the Office of Attorney General, Office of  
25                Special Prosecutions.
- 26        (5) Notwithstanding KRS 45.229, fund amounts not appropriated at the close of a  
27                fiscal year shall not lapse but shall be carried forward into the next fiscal year.

1 (6) The cabinet shall:

2 (a) Develop a process to review and accept or deny applications for grants of  
3 moneys from the fund based on eligibility requirements under this section  
4 for each type of solicited donation;

5 (b) 1. Prepare warrants on the State Treasury for any grant of moneys  
6 approved by the cabinet, including a direct payment for funeral  
7 expenses;

8 2. Coordinate the direct payment for funeral expenses; and

9 3. Obtain all necessary information from the Kentucky Office of Vital  
10 Statistics, coroners, or other appropriate entities to verify eligibility for  
11 any direct payment for funeral expenses;

12 (c) Ensure delivery of the moneys to the applicant or the direct payment for  
13 funeral expenses; and

14 (d) Promulgate administrative regulations in accordance with KRS Chapter  
15 13A to provide application forms, application deadlines, and other  
16 administrative procedures necessary to fulfill the duties required by this  
17 section.

18 (7) Related to the team western Kentucky tornado relief donations:

19 (a) Moneys solicited shall be used to assist an individual or a small business  
20 directly impacted by the storms and tornadoes on December 10 and 11,  
21 2021;

22 (b) An eligible applicant for a grant of moneys from the fund shall be a:

23 1. Person who is responsible for the payment of funeral expenses for  
24 another individual whose death was directly related to the storms and  
25 tornadoes and any grant issued shall be a direct payment to the entity  
26 providing the funeral services in an amount not to exceed ten  
27 thousand dollars (\$10,000);

- 1                    2. Kentucky resident who:
- 2                    a. Resides in an area named in the Presidential Declaration of a
- 3                    Major Disaster, designated FEMA-4630-DR-KY; and
- 4                    b. Was directly impacted by the storms and tornadoes;
- 5                    3. Qualified nonprofit organization; or
- 6                    4. Small business; and
- 7                    (c) A grant of moneys shall not be issued for any:
- 8                    1. Cost or fee for administrative purposes;
- 9                    2. Expenditure in which the applicant receives benefits from a federal
- 10                   source, including but not limited to payments from the Federal
- 11                   Emergency Management Agency;
- 12                   3. Payment to a nonresident of Kentucky; or
- 13                   4. Payment to a nonprofit organization, other than a qualified nonprofit
- 14                   organization.
- 15                   (8) Related to the team eastern Kentucky flood relief donations:
- 16                   (a) Moneys solicited shall be used to assist an individual or a small business
- 17                   directly impacted by the storms and flooding that began on July 26, 2022,
- 18                   and generated multiple rounds of heavy torrential rain, resulting in
- 19                   flooding, flash flooding, mudslides, and landslides;
- 20                   (b) An eligible applicant for a grant of moneys from the fund shall be a:
- 21                   1. Person who is responsible for the payment of funeral expenses for
- 22                   another individual whose death was directly related to the storms and
- 23                   flooding and any grant issued shall be a direct payment to the entity
- 24                   providing the funeral services in an amount not to exceed ten
- 25                   thousand dollars (\$10,000);
- 26                   2. Kentucky resident who:
- 27                   a. Resides in an area named in the Presidential Declaration of a

- 1                                    Major Disaster, designated FEMA-4663-DR-KY; and
- 2                                    b. Was directly impacted by the flooding, mudslides, and landslides;
- 3                                    3. Qualified nonprofit organization; or
- 4                                    4. Small business; and
- 5                                    (c) A grant of moneys shall not be issued for any:
- 6                                    1. Cost or fee for administrative purposes;
- 7                                    2. Expenditure in which the applicant receives benefits from a federal
- 8                                    source, including but not limited to payments from the Federal
- 9                                    Emergency Management Agency;
- 10                                   3. Payment to a nonresident of Kentucky; or
- 11                                   4. Payment to a nonprofit organization, other than a qualified nonprofit
- 12                                   organization.
- 13                                   (9) (a) Any qualified nonprofit organization or small business that receives a grant
- 14                                   of moneys from the fund shall document expenditures made using those
- 15                                   moneys.
- 16                                   (b) The documentation shall be maintained for at least four (4) years following
- 17                                   the distribution of the moneys and shall be subject to inspection during that
- 18                                   time by the cabinet.
- 19                                   (c) All documents and materials submitted to either the Commonwealth or the
- 20                                   cabinet shall be considered a public record subject the Kentucky Open
- 21                                   Records Act, KRS 61.870 to 61.884.
- 22                                   (10) (a) As used in this subsection, "affiliation" means the relationship between:
- 23                                   1. Members of a family, including brothers and sisters of the whole or
- 24                                   half blood, spouse, ancestors, and lineal descendants of an individual;
- 25                                   2. An individual and a corporation, of which more than fifty percent
- 26                                   (50%) in value of the outstanding stock is owned, directly or indirectly,
- 27                                   by or for that individual;

- 1           3. An individual and a limited liability company or a partnership, of  
 2           which more than fifty percent (50%) of the capital interest or profits  
 3           are owned or controlled, directly or indirectly, by or for that  
 4           individual; or  
 5           4. An individual that is a grantor or a beneficiary of a trust and the  
 6           fiduciary of that trust.

7           (b) The secretary of the Public Protection Cabinet shall report the following  
 8           information beginning on the tenth day of the first month following the  
 9           effective date of this Act and on the tenth day of each month thereafter:

- 10          1. Information related to moneys deposited into the fund, including but  
 11          not limited to:  
 12            a. The name of the person, member, or employee soliciting the  
 13            moneys;  
 14            b. The purpose of the solicitation;  
 15            c. The type of entity making the donation, including a business  
 16            entity, nonprofit or charitable organization, or individual; and  
 17            d. The state and country of origin of the entity; and  
 18          2. Information related to expenditures from the fund, including but not  
 19          limited to:  
 20            a. The name and address of the person or business entity receiving  
 21            any moneys from the fund;  
 22            b. The amount of moneys received;  
 23            c. The date of issuance of the moneys;  
 24            d. The method of delivery of the moneys;  
 25            e. The purpose for which the moneys were granted; and  
 26            f. A statement regarding the affiliation, if any, between the person,  
 27            member, or employee soliciting the moneys and the person or

1 business entity receiving the moneys.

2 (c) The report required by paragraph (b) of this subsection shall be submitted  
 3 to the Senate Standing Committee on Appropriations and Revenue and the  
 4 House Standing Committee on Appropriations and Revenue or the Interim  
 5 Joint Committee on Appropriations and Revenue.

6 → Section 5. KRS 12.270 is amended to read as follows:

- 7 (1) The secretary of each cabinet shall:
- 8 (a) Be a member of the Governor's Cabinet and shall serve as the Governor's  
 9 liaison in carrying out the responsibilities for overall direction and  
 10 coordination of the departments, boards, and commissions included in the  
 11 related cabinet;
- 12 (b) Recommend to the Governor desired reorganization affecting the related  
 13 cabinet;
- 14 (c) Advise the Governor on executive actions, legislative matters, and other steps  
 15 that may be desirable for better program service;
- 16 (d) Evaluate and pass upon all budget requests originated by the departments,  
 17 boards, and commissions within the related cabinet;
- 18 (e) Advise the Governor on the appointment of commissioners and heads of units  
 19 included in the related cabinet, except for those whose election or selection is  
 20 otherwise provided for by law.
- 21 (2) Except as provided by Section 4 of this Act, each secretary is authorized to accept  
 22 and expend funds from any source, whether public or private, in support of the  
 23 duties and responsibilities of the related cabinet.
- 24 (3) Each secretary shall have any and all necessary power and authority, subject to  
 25 appropriate provisions of the statutes, to create such positions and to employ the  
 26 necessary personnel in such positions to enable the secretary to perform the  
 27 functions of his or her office.

1 (4) Each secretary shall have exclusive control and direction over the administration of  
 2 the related cabinet programs as required by law.

3 ➔Section 6. 2022 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 5, is amended to read as  
 4 follows:

5 There hereby is appropriated Restricted Funds from the East Kentucky State Aid  
 6 Funding for Emergencies (EKSAFE) fund in the amount of \$40,000,000 in fiscal year  
 7 2022-2023 to the Military Affairs budget unit to be used by the Division of Emergency  
 8 Management for the advancement of moneys to school districts and nonprofit or public  
 9 utility service providers for the purposes set out in subsection (8)(a) of Section 1 of this  
 10 Act. No moneys from this appropriation shall be awarded until all moneys appropriated  
 11 in Section 4 of this Act have been awarded. ~~[-The Restricted Funds appropriation balance~~  
 12 ~~that has not been awarded for this purpose as of January 7, 2023, shall lapse to the~~  
 13 ~~Budget Reserve Trust Fund Account (KRS 48.705).]~~

14 ➔Section 7. Whereas relief funds provide vital assistance to individuals, families,  
 15 and businesses that have suffered from natural disasters, and timely and efficient  
 16 allocation of these funds to communities is essential to the public good, an emergency is  
 17 declared to exist, and this Act takes effect upon its passage and approval by the Governor  
 18 or upon its otherwise becoming a law.