

## CHAPTER 35

## (HB 435)

AN ACT relating to local government financial obligations.

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

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 65 IS CREATED TO READ AS FOLLOWS:

- (1) *No city, county, urban-county, consolidated local government, charter county, special district, or taxing district shall enter into any financing obligation of any nature, whether evidenced by note pursuant to KRS 65.7701 to 65.7721 or otherwise, by lease pursuant to KRS 65.940 to 65.956, under which the lease price exceeds two hundred thousand dollars (\$200,000), by bond issuance pursuant to KRS Chapter 66 or any long term debt obligation of any sort without first notifying the state local debt officer in writing. The Governor's office for Local Development may promulgate administrative regulations to develop the forms for the notification that shall contain the relevant financial terms of the obligation, including the interest rates or method of determining rates, the date of issue, the maturity dates, term of obligation, renewal periods, and the trustee or paying agent, if any. No approval of the state local debt officer shall be required, unless otherwise required by law.*
- (2) *Any financing obligation entered into prior to the passage of this section shall be considered in compliance, if that notification is provided to the state local debt officer no later than one (1) year after the effective date of this Act.*

➔Section 2. KRS 65.944 is amended to read as follows:

- (1) (a) ~~Without first notifying the state local debt officer in writing, no lease may be entered into if the lease price exceeds one hundred thousand dollars (\$100,000). The notification shall contain the terms of the lease, including the lease price, number of optional renewal periods, interest rate, date of issue, purpose, any trustee or paying agent, if any, and any other information the state local debt officer may require. The state local debt officer may prescribe a form for providing the information required by this paragraph.~~
- (b) In addition to the notification required by *Section 1 of this Act*~~[this subsection]~~, no county, except an urban-county, shall enter into a lease if the lease price exceeds five hundred thousand dollars (\$500,000) without first receiving the approval of the lease from the state local debt officer. The state local debt officer may prescribe procedures and adopt regulations for granting approval of the leases.
- (c) In addition to the notification required by *Section 1 of this Act*~~[this subsection]~~, no school district shall enter into a lease if the lease price exceeds one hundred thousand dollars (\$100,000) without first receiving the approval of the lease from the chief state school officer. The chief state school officer shall recommend administrative regulations to the State Board of Education for implementation of KRS 65.940 to 65.956.
- (2) The state local debt officer may provide technical and advisory assistance regarding the entering into leases by a governmental agency whose governing body requests assistance.

➔Section 3. KRS 66.045 is amended to read as follows:

- (1) It is the intent of this section to facilitate, through state technical and advisory assistance, the marketing of local government bonds and other long-term obligations at the lowest possible net interest costs.
- (2) ~~Without first notifying the state local debt officer in writing, no bonds or obligations may be issued by or on behalf of any issuer except as provided by KRS 65.940 to 65.956. The notification shall contain the maturity schedule, interest rate, date of issue, purpose, paying agent, and any other information the state local debt officer may require to provide a complete file on local government debt.~~
- (3) The state local debt officer may provide technical and advisory assistance regarding the issuance of bonds and obligations to those issuers whose governing bodies request that assistance. The assistance shall include, but need not be limited to:
  - (a) Advice on the marketing of bonds and obligations by issuers;
  - (b) Conduct of training courses in debt management; and

- (c) Promotion of the use by local governments of such tools for sound financial management as adequate systems of budgeting, accounting, auditing, and reporting.

➔Section 4. The following KRS section is repealed:

65.7719 Notification of prescribed note information to state local debt officer.

**Signed by Governor April 9, 2008.**