

CHAPTER 42

(HB 50)

AN ACT relating to refunding transactions.

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

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 56 IS CREATED TO READ AS FOLLOWS:

(1) *As used in this section:*

- (a) *"Asset/liability commission" means the Kentucky Asset/Liability Commission established by KRS 56.861;*
- (b) *"Commission" means the State Property and Buildings Commission established by KRS 56.450;*
- (c) *"General fund" has the same meaning as in KRS 48.010(15)(a);*
- (d) *"Present value savings" means the difference expressed in terms of current dollars between debt service on refunded bonds and debt service on refunding bonds;*
- (e) *"Refunded bonds" means outstanding bonds, notes, or other obligations that were issued at any time, and that are refinanced through a refunding transaction;*
- (f) *"Refunding bonds" means new bonds, notes, or other obligations issued to refund outstanding bonds, notes, or other obligations including redemption premiums and any interest accrued or to accrue to the date of redemption as part of a refunding transaction;*
- (g) *"Refunding transaction" means a transaction:*
 - 1. *Whereby outstanding bonds, notes, or other obligations are refunded by the issuance of new refunding bonds, notes, or other obligations; and*
 - 2. *The transaction is directly supported in whole or in part by appropriations from the general fund or road fund;*
- (h) *"Revenue shortfall" has the same meaning as in KRS 48.010(18);*
- (i) *"Road fund" has the same meaning as in KRS 48.010(15)(g); and*
- (j) *"State agency":*
 - 1. *Includes:*
 - a. *Any state administrative body, agency, department, or division as defined in KRS 42.005; and*
 - b. *Any board, commission, institution, or division exercising any function of the state; with the authority to issue bonds, notes, or other obligations, and to enter into refunding transactions with respect to those bonds, notes, or other obligations; but*
 - 2. *Does not include universities that are part of the postsecondary education system, as defined in KRS 164.001.*

(2) *Notwithstanding any other provision of the Kentucky Revised Statutes, the savings generated from reduced debt service payments during a fiscal biennium as a result of any refunding transaction undertaken by the commission, the asset/liability commission, or any state agency that:*

- (a) *Results in a reduction in required debt service during the fiscal biennium; and*
- (b) *Does not result in positive net present value savings;*

shall be deposited in the budget reserve trust fund account established by KRS 48.705, and shall not be used as part of any budget-balancing measures adopted or taken by the executive branch either in response to a revenue shortfall, or to address expenditure reductions required by an enacted biennial budget for the executive branch.

Signed by Governor April 11, 2012.

