

CHAPTER 209**(HB 203)**

AN ACT making appropriations for the operations, maintenance, support, and functioning of the Judicial Branch of the government of the Commonwealth of Kentucky and its various officers, boards, commissions, subdivisions, and other state-supported activities.

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

➔Section 1. The Judicial Branch Budget is as follows:

PART I**OPERATING BUDGET**

(1) Funds Appropriations: There is appropriated out of the General Fund, Restricted Funds accounts, or Federal Funds accounts for the fiscal year beginning July 1, 2018, and ending June 30, 2019, and for the fiscal year beginning July 1, 2019, and ending June 30, 2020, the following sums to be used for the purposes of the Judicial Branch of the government of the Commonwealth of Kentucky, including the Supreme Court, Court of Appeals, Circuit Court, Family Court, District Court, the Administrative Office of the Courts, Judicial Retirement, Local Facilities Fund, Local Facilities Use Allowance Contingency Fund, and for services performed by the Circuit Court Clerks' offices, including both Circuit and District Court support.

A. JUDICIAL BRANCH**Budget Units****1. Court of Justice****a. Court Operations and Administration**

	2018-19	2019-20
General Fund	266,233,000	269,709,200
Restricted Funds	35,143,600	35,204,700
Federal Funds	1,982,700	1,369,200
TOTAL	303,359,300	306,283,100

(1) Defined Calculations: Included in the above General Fund appropriation is \$20,908,500 in fiscal year 2018-2019 and \$23,242,600 in fiscal year 2019-2020 to provide funds for the increase in the employer cost of health and life insurance and the employer cost of retirement.

(2) Funds Carry Forward: Notwithstanding KRS 45.229, any unexpended balance remaining at the close of fiscal year 2017-2018 shall not lapse and shall continue into fiscal year 2018-2019, and any unexpended balance remaining at the close of fiscal year 2018-2019 shall not lapse and shall continue into fiscal year 2019-2020.

(3) Civil Filing Fees: Pursuant to its authority, if the Supreme Court retains the increase in civil filing fees that was effective in 2008, the additional income resulting from the fee increases, not to exceed \$5,000,000 in each fiscal year of the biennium, shall be deposited into a trust and agency account for court operations. Any revenue generated by these increases in excess of the \$5,000,000 in each fiscal year of the biennium shall be deposited into the General Fund.

(4) Civil Filing Fees - Non-Elected Personnel: Pursuant to its authority, if the Supreme Court increases civil filing fees above what was effective in 2008, the additional income resulting from the fee increases, not to exceed \$10,468,100 in each fiscal year of the biennium, shall be deposited into a trust and agency account for salary increases to non-elected personnel. Any revenue generated by these increases in excess of \$10,468,100 in each fiscal year of the biennium shall be deposited to the credit of the General Fund.

(5) Night Court in Jefferson County: The Administrative Office of the Courts shall continue the operations and current schedule of night court in Okolona and Middletown in Jefferson County in fiscal year 2018-2019 and fiscal year 2019-2020.

(6) County Employees Retirement System Excess Savings: If General Fund-required retirement contributions to the County Employees Retirement System are below \$14,499,300 in fiscal year 2018-2019 and \$14,891,800 in fiscal year 2019-2020, those savings shall fund salary increases for elected officials not to exceed 2.5 percent in fiscal year 2018-2019 and 2.5 percent in fiscal year 2019-2020. Any additional savings realized under this section shall be used for non-elected personnel salary increases.

~~**(7) Circuit Clerk Expense Allowance:** Notwithstanding KRS 64.058, each Circuit Clerk shall receive an expense allowance of \$2,400 annually, at the rate of \$200 per month, in the 2018-2020 fiscal biennium.~~

b. Local Facilities Fund

	2018-19	2019-20
General Fund	109,097,700	109,097,700

(1) Local Court Facility Compensation: Included in the above General Fund appropriation are moneys to compensate local units of government for providing court space and for costs incurred in the development of local court facilities as defined in KRS Chapter 26A and provided in Part II of this Act, and to perform all other acts required or authorized by KRS Chapter 26A.

(2) Funds Carry Forward: Notwithstanding KRS 45.229, any unexpended balance remaining at the close of fiscal year 2017-2018 shall not lapse and shall continue into fiscal year 2018-2019, and any unexpended balance remaining at the close of fiscal year 2018-2019 shall not lapse and shall be continued into fiscal year 2019-2020.

(3) Madison County Lease: Included in the above General Fund appropriation is \$800,000 in each fiscal year to allow the Administrative Office of the Courts to enter into a lease for office space as needed for Madison County Circuit Court and to provide necessary furnishings, infrastructure, and security equipment.

c. Local Facilities Use Allowance Contingency Fund

	2018-19	2019-20
General Fund	-0-	-0-

(1) Funds Carry Forward: Notwithstanding KRS 45.229, any unexpended balance remaining at the close of fiscal year 2017-2018 shall not lapse and shall continue into fiscal year 2018-2019, and any unexpended balance remaining at the close of fiscal year 2018-2019 shall not lapse and shall continue into fiscal year 2019-2020 to provide for cost overruns in authorized court facilities projects not to exceed 15 percent of the use allowance in accordance with KRS Chapter 26A.

TOTAL - Court of Justice

	2018-19	2019-20
General Fund	375,330,700	378,806,900
Restricted Funds	35,143,600	35,204,700
Federal Funds	1,982,700	1,369,200
TOTAL	412,457,000	415,380,800

2. Judicial Retirement System

	2018-19	2019-20
General Fund	9,566,400	9,570,800

(1) Judicial Retirement Benefits: General Fund amounts are included to provide actuarial-assessed judicial retirement benefits pursuant to KRS 21.345 to 21.580.

(2) Pension Benefit Increase: Notwithstanding KRS 21.405(5), no pension benefit increase shall be granted to recipients of a retirement allowance under KRS 21.345 to 21.580 on July 1, 2018, or July 1, 2019.

(3) Administrative Expenses: Pursuant to KRS 21.540, administrative expenses shall be paid out of an administrative account which shall be funded by transfers of the necessary moneys, in appropriate ratio, from the funds provided for in KRS 21.550 and 21.560.

TOTAL - JUDICIAL BRANCH

2018-19	2019-20
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General Fund	384,897,100	388,377,700
Restricted Funds	35,143,600	35,204,700
Federal Funds	1,982,700	1,369,200
TOTAL	422,023,400	424,951,600

PART II

CAPITAL PROJECTS BUDGET

(1) Authorization of Capital Projects: It is the intent of the General Assembly that any capital project proposed by any state government entity, including the agencies and subdivisions of the Court of Justice, shall be authorized by the General Assembly prior to the project’s financing and construction, in accordance with KRS 7A.010, 7A.120, 45.750, 45.760, 45.763, 45.765, and 48.110. Pursuant to KRS 45.760(1), the amount allotted, from all sources, for expenditure on any capital project, including leases as defined by KRS 45.750, shall not exceed the estimated cost as shown in this Act.

(2) Capital Projects and Bond Oversight Committee: Capital construction projects and major items of equipment that are not specifically listed in this Act may be authorized only after submission of the project to the Capital Projects and Bond Oversight Committee and in accordance with the other requirements of KRS 45.760(7). Moneys may be transferred to the allotment account of any capital project only after submission of the project to the Capital Projects and Bond Oversight Committee and in accordance with the other requirements of KRS 45.760(6). As required by KRS 45.760, all capital construction items authorized in this Act shall be constructed in accordance with this Act, supporting documentation considered by the General Assembly, and Judicial Branch budget records. Any modifications to the scope of a capital construction project or to a lease shall be reported to the Capital Projects and Bond Oversight Committee before execution.

(3) Local Facilities Use Allowance Contingency Fund: For any court facility project which is occupied and use allowance funding is insufficient, the use allowance payments shall be approved from the Local Facilities Use Allowance Contingency Fund. If funds are not available in the Local Facilities Use Allowance Contingency Fund, the Chief Justice may transfer funds from other Judicial Branch accounts in accordance with Part III, General Provisions, Section 6. of this Act to make the necessary payments.

(4) Deferred Funding: General Fund support to provide operating costs totaling \$680,800, annualized use allowance payments totaling \$2,345,700, and nonrecurring furniture and equipment costs of \$2,000,000 for Bath and Oldham Counties is deferred to the 2020-2022 fiscal biennium.

(5) Court Facility Planning Process: The county shall require the Project Development Board to hire a certified architect not otherwise involved with the project to conduct an independent feasibility study to determine whether the needs of the community and the Court of Justice can best be met through the construction of a freestanding building, or through an addition and/or renovation of the existing court facility. The cost for this study shall be an accepted and approved portion of the planning process, and shall be eligible for reimbursement from the bond proceeds.

(6) Jefferson County: General Fund support of \$226,000 is contained in the Local Facilities Fund budget in each fiscal year for use allowance payments.

A. JUDICIAL BRANCH

Budget Units	2018-19	2019-20
1. Local Facilities Fund		
001. Construction - Bath County		
Other Funds	9,315,000	-0-
002. Renovation/Addition - Oldham County		
Other Funds	22,800,000	-0-
003. Renovation - Jefferson County Hall of Justice		
Other Funds	2,590,000	-0-
2. Lease Authorizations		
001. Franklin County - Lease - Court of Appeals		

002. Jefferson County - Lease - Parking**PART III****GENERAL PROVISIONS**

1. Expenditure Authority: The Director of the Administrative Office of the Courts, with the approval of the Chief Justice, may expend any of the funds appropriated for court operations and administration in any lawful manner and for any legal purpose that the Chief Justice shall authorize or direct. All expenditures shall conform with Part III, General Provisions, Section 6. of this Act. No executive agency of state government shall have the power to restrict or limit the expenditure of funds appropriated to the Judicial Branch of government.

2. Severability of Budget Provisions: Appropriation items and sums in this Act conform to KRS 48.311. If any section, any subsection, or any provision thereof shall be invalid or unconstitutional, the decision of the courts shall not affect or impair any of the remaining sections, subsections, or provisions.

3. Duplicate Appropriations: Any appropriation item and sum in this Act and in an appropriation provision in another Act of the 2018 Regular Session of the General Assembly which constitutes a duplicate appropriation shall be governed by KRS 48.312.

4. 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.

5. Final Budget Document: The Chief Justice shall cause the Director of the Administrative Office of the Courts to prepare a final budget document reflecting the 2018-2020 biennial budget of the Court of Justice. A copy shall be provided to the Legislative Research Commission, and an informational copy shall be furnished to the Finance and Administration Cabinet, within 60 days of the adjournment of the 2018 Regular Session of the General Assembly.

6. Transferability of Funds: The Chief Justice of the Commonwealth of Kentucky shall have the ability to transfer funds to other programs and budget units within the Judicial Branch. Any funds transferred to other budget units within the Judicial Branch may be used to support any activity, program, or operation of the budget unit or program receiving the respective funds.

7. Appropriations Revisions: Proposed revisions to General Fund, Restricted Funds, and Federal Funds appropriations in this Act shall be made and reported pursuant to KRS 48.630(10). The Director of the Administrative Office of the Courts shall notify on a timely basis the Legislative Research Commission of the most current estimates of anticipated receipts for the affected fiscal year and an accompanying statement which explains variations from the anticipated amount.

8. Maximum Salary of Trial Commissioners: Pursuant to KRS 24A.100(3), no trial commissioner shall be compensated at a rate greater than \$7,200. No funding is provided for trial commissioners commissioned in counties with a residing District Judge.

9. Issuance of Paychecks to Employees: Notwithstanding 101 KAR 2:095, Section 10, the state payroll that would normally be scheduled to be paid on June 30, 2018, June 30, 2019, and June 30, 2020, shall not be issued prior to July 1, 2018, July 1, 2019, and July 1, 2020.

10. Authorized Personnel Complement: On July 1, 2018, the Administrative Office of the Courts shall establish a record for each budget unit of authorized permanent full-time and other positions based upon the enacted Judicial Budget of the Commonwealth and any adjustments authorized by provisions in this Act. The total number of filled permanent full-time and all other positions shall not exceed the authorized complements pursuant to this section. The Director of the Administrative Office of the Courts may request an increase in the number of authorized positions to the Chief Justice. Upon approval, the Administrative Office of the Courts may authorize the employment of individuals in addition to the authorized complement. A report of the actions authorized in this section shall be provided to the Interim Joint Committee on Appropriations and Revenue on a monthly basis.

11. Unexpended Use Allowance: Notwithstanding any other provision of the Kentucky Revised Statutes, any General Fund moneys appropriated for use allowance payments in fiscal years 2018-2019 and 2019-2020 that are not expended specifically for use allowance payments shall be transferred to the Budget Reserve Trust Fund Account (KRS 48.705).

12. Debt Restructuring: Notwithstanding any other provision of the Kentucky Revised Statutes, use allowance payments shall not be amended to reflect debt restructuring transactions undertaken by a county during the 2018-2020 fiscal biennium.

PART IV

FUNDS TRANSFER

The Judicial Branch shall transfer \$7,700,000 in fiscal year 2018-2019 and \$7,500,000 in fiscal year 2019-2020 to the General Fund.

PART V**BUDGET REDUCTION OR SURPLUS EXPENDITURE PLAN**

The Judicial Branch shall participate in any Budget Reduction Plan or Surplus Expenditure Plan in accordance with KRS Chapter 48, except that obligations essential to the constitutional duties and use allowance of the Judicial Branch shall be exempt from any Budget Reduction Plan. The level of participation in a Budget Reduction Plan shall be at the discretion of the Chief Justice and shall not exceed the actual percentage of revenue shortfall.

Vetoed in part April 13, 2018. Vetoed portions are indicated with brackets and strike-throughs. Portions not vetoed became law April 14, 2018.