

CHAPTER 135

(SB 122)

AN ACT relating to the Finance and Administration Cabinet and declaring an emergency.

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

➔Section 1. KRS 56.100 is amended to read as follows:

- (1) (a) Each fiscal year the State Treasurer shall deduct from any funds in the Treasury payable to an agency for the care and maintenance of public buildings or property ~~an~~ an amount equal to the premiums certified to him or her as chargeable against that agency. The amount so debited shall be credited to an account kept by the State Treasurer and known as the state fire and tornado insurance fund.
- (b) ***On and after the effective date of this Act until June 30, 2025, no premium shall be charged on any one (1) subject of risk upon a valuation of more than ten million dollars (\$10,000,000), unless the Office of the Controller in the Finance and Administration Cabinet has contracted for reinsurance that limits the liability of the fund to ten million dollars (\$10,000,000) upon that risk.***
- (c) ***On and after July 1, 2025, no premium shall be charged on any one (1) subject of risk upon a valuation of more than one million dollars (\$1,000,000), unless the Office of the Controller in the Finance and Administration Cabinet has contracted for reinsurance that limits the liability of the fund to one million dollars (\$1,000,000) upon such subject of risk.***
- (2) The Office of the Controller in the Finance and Administration Cabinet shall prescribe a certificate setting forth the terms and conditions of coverage under the state fire and tornado insurance fund. Different forms of certificates may be used for different risks. Such certificates may contain such terms and conditions as the Office of the Controller in the Finance and Administration Cabinet may prescribe, including but not limited to a deductible, in order that there be fair allocation of significant losses and the elimination of unnecessary costs in administering the state fire and tornado insurance fund.

➔Section 2. KRS 56.120 is amended to read as follows:

- (1) When the amount of damage has been determined, the State Treasurer shall debit the account of the state fire and tornado insurance fund by that amount and credit with an equal amount the account of the agency that has control or custody of the property damaged, and upon warrant from the Finance and Administration Cabinet, the Treasurer shall pay to the agency the amount so credited to it, for the purpose of repairing the damage or reconstructing or replacing the damaged or destroyed property. If the agency deems it impracticable or undesirable to use the money for repair, reconstruction, or replacement of the property damaged or destroyed, it may, with the approval of the Finance and Administration Cabinet, and subject to the provisions of KRS 56.491, expend said funds for the acquisition, repair, construction, or reconstruction of property similar to the property damaged or destroyed.
- (2) ***On and after the effective date of this Act until June 30, 2025, no debit, credit, or payment made on account of the damage to any one (1) subject of risk, by any one (1) loss, shall be in excess of ten million dollars (\$10,000,000), unless the Office of the Controller in the Finance and Administration Cabinet has effected reinsurance upon that risk to limit the liability of the state fire and tornado insurance fund to ten million dollars (\$10,000,000), and unless the excess over this amount has actually been paid into the fund by the reinsuring company or companies.***
- (3) ***On and after July 1, 2025, no debit, credit, or payment made on account of the damage to any one (1) subject of risk, by any one (1) loss, shall be in excess of one million dollars (\$1,000,000), unless the Office of the Controller in the Finance and Administration Cabinet has effected reinsurance upon the subject of risk such as to limit the liability of the state fire and tornado insurance fund to one million dollars (\$1,000,000), and unless the excess over this amount has actually been paid into the fund by the reinsuring company or companies.***

➔Section 3. KRS 56.160 is amended to read as follows:

- (1) ***On or after the effective date of this Act until June 30, 2025, the Office of the Controller in the Finance and Administration Cabinet may contract with any responsible fire and tornado insurance or reinsurance company authorized to do business in Kentucky to reinsure any subject of risk of which the total valuation has been fixed at over ten million dollars (\$10,000,000) in such a way as to limit the net liability of the state***

fire and tornado insurance fund with respect to that risk to ten million dollars (\$10,000,000). The premium for reinsurance shall be paid out of the state fire and tornado insurance fund, on warrant of the cabinet.

- (2) *On or after July 1, 2025*, the Office of the Controller in the Finance and Administration Cabinet may contract with any responsible fire and tornado insurance or reinsurance company authorized to do business in Kentucky to reinsure any subject of risk of which the total valuation has been fixed at over one million dollars (\$1,000,000) in such a way as to limit the net liability of the state fire and tornado insurance fund with respect to such subject of risk to one million dollars (\$1,000,000). The premium for reinsurance shall be paid out of the state fire and tornado insurance fund, on warrant of the cabinet.

➔Section 4. KRS 56.180 is amended to read as follows:

- (1) *On or after the effective date of this Act until June 30, 2025, if at the end of any fiscal year the moneys and securities to the credit of the state fire and tornado insurance fund exceed one hundred million dollars (\$100,000,000), that excess shall be transferred to the general fund.*
- (2) *On or after July 1, 2025*, if at the end of any fiscal year the moneys and securities to the credit of the state fire and tornado insurance fund exceed ten million dollars (\$10,000,000), any such excess shall be transferred to the general fund.
- (3)~~(2)~~ The moneys and securities to the credit of the state fire and tornado insurance fund shall not be used for any purpose unrelated to fund operations.

➔Section 5. KRS 56.463 is amended to read as follows:

The cabinet shall have the power and duty:

- (1) To determine the comparative needs and demands of the various state agencies for acquiring real estate and for building projects;
- (2) To purchase or otherwise acquire all real property determined to be needed for state use and upon the approval of the secretary of the Finance and Administration Cabinet as to the determination of need and as to the action of purchase or other acquisition, except as provided in KRS Chapters 175, 176, 177, and 180. All such acquisitions of real property or interests therein shall be made in accordance with KRS 45A.045;
- (3) To sell or otherwise dispose of all property, including any interest in real property, of the state that is not needed or has become unsuitable for public use or would be more suitable consistent with the public interest for some other use as determined by the secretary of the Finance and Administration Cabinet. All such sales or other disposition shall be made in accordance with KRS 45A.045;
- (4) (a) To control the use of any real property owned or otherwise held by the Commonwealth, or any state agency, and to determine for what periods of time and for what purposes any state agency may use the same, including the agency for whose use it was initially acquired or improved, and to determine what appropriate uses shall be made of such real property during periods that the cabinet finds the same is not required for the purposes of any particular state agency. The cabinet shall allocate to the General Assembly and the Legislative Research Commission ~~all the amount of~~ space within the New State Capitol Annex, ~~currently assigned to the legislative branch~~ in the basement and on the first, **second, third, and fourth floors**, ~~floor totaling forty nine thousand six hundred thirty eight (49,638) square feet; approximately twenty four thousand four hundred fifty two (24,452) square feet on the second floor from an imaginary line running north and south down the center of the center wing hallway of the building and all space to the east of this line~~, excluding:
1. Mechanical areas, public entrances, *vestibules*, and restrooms; *and*
 2. *The following additional space, as allocated on January 1, 2023:*
 - a. *Areas in the basement occupied by the Kentucky State Police and Facilities Security;*
 - b. *Areas in the basement operated as the snack bar and cafeteria, as well as storage areas related to the operation of the snack bar and cafeteria;*
 - c. *The area in the basement operated as a nurse's station;*
 - d. *The area in the basement used as an automated teller machine (ATM);*
 - e. *The office space in the basement occupied by the Secretary of State;*

- f. *Utility spaces in the basement west wing and east wing northernmost hallways occupied by janitorial, maintenance, and mechanical staff;*
- g. *The loading dock in the rear of the annex basement, along with the office space immediately adjacent to the loading dock on the back wall of the annex, provided that the General Assembly and the Legislative Research Commission shall be given access to and use of the loading dock and the receiving areas adjacent to the loading dock; and*
- h. *Office and studio space on the first floor currently occupied and used for broadcasting purposes by Kentucky Educational Television*; ~~approximately twenty three thousand nine hundred forty (23,940) square feet on the third floor from an imaginary line running north and south down the center of the center wing hallway of the building and all space to the east of this line, excluding mechanical areas, public entrances, and restrooms; approximately twenty two thousand fifty six (22,056) square feet on the fourth floor from an imaginary line running north and south down the center of the center wing hallway of the building and all space to the east of this line, excluding mechanical areas, public entrances, and restrooms~~].

All space assigned to the legislative branch and plans, uses, furnishings, and equipment therefor are subject to the specific approval of the Legislative Research Commission;

- (b) All additional space in the New State Capitol Annex, not specifically allocated for use by the General Assembly and the Legislative Research Commission in paragraph (a) of this subsection, shall be allocated for the use of the legislative branch, with occupancy by the legislative branch to be determined by the Legislative Research Commission, *upon a* ~~Until the Legislative Research Commission, by~~ vote of a majority of *the* ~~its~~ entire membership *of the Legislative Research Commission*; ~~determines that the legislative branch shall occupy all or part of such additional space in the Capitol Annex, the cabinet shall continue to determine the occupancy of such additional space~~;
- (c) ~~Forty percent (40%) of the floor space provided by paragraph (a) of this subsection for use by the legislative branch shall be assigned for the use of the Senate. Sixty percent (60%) of the floor space provided by paragraph (a) of this subsection for use by the legislative branch shall be assigned for the use of the House of Representatives; and~~
- ~~(d) In order for the General Assembly and the Legislative Research Commission to efficiently utilize the space provided by paragraphs (a) and (b) of this subsection, the cabinet shall enter into a memorandum of understanding with the Legislative Research Commission on or about February 1, 2024, and as often as every two (2) years thereafter at the request of the Legislative Research Commission, to establish tenancy terms, including but not limited to building maintenance, repairs, renovations, and upgrades; facility security; janitorial services; and applicable rental and utilities rates. The Legislative Research Commission shall at any time, and upon at least sixty (60) days' notice, be authorized to discontinue the cabinet's provision of janitorial services for the New State Capitol Annex and to enter into a separate contract for the provision of those services, with the applicable rental and utilities rates to be proportionately reduced to reflect that separate contract, provided that the Legislative Research Commission may also at any time, and upon at least sixty (60) days' notice, elect to have the cabinet continue or reinstate the provision of those janitorial services at the cabinet's expense;~~
- (d) *For the purposes of this subsection, real property shall include the parking areas adjacent to the New State Capitol and the New State Capitol Annex, and the cabinet shall allocate to the General Assembly and the Legislative Research Commission all parking spaces within the Capitol campus parking garage, all parking spaces in the east, south, and west parking lots of the New State Capitol Annex, and all parking spaces in the west parking lot of the New State Capitol, except for those spaces in the west parking lot of the New State Capitol allocated, as of January 1, 2023, to the Supreme Court of Kentucky, the Lieutenant Governor, the Attorney General, and the Secretary of State. Any further allocation of any parking spaces allocated pursuant to this paragraph shall be within the sole discretion of the Legislative Research Commission or its designee; and*
- (e) To determine the housing and furnishings needs of the various state agencies located in Frankfort and to establish and put into effect a permanent program for housing them. Subject to paragraphs (a) and (b) of this subsection, the cabinet is also authorized and directed to allocate office space and furnishings in existing public buildings located in Frankfort, exclusive of the third and fourth floors of the New State

Capitol and the space in the New State Capitol Annex allocated to the legislative branch, according to the needs of the various agencies. When necessary, the cabinet is authorized to provide additional office space and furnishings in Frankfort under any building program the cabinet deems most advisable and economical for the state. The permanent housing program shall include provisions for housing the General Assembly and its related agencies, including the Legislative Research Commission, and its subcommittees, the executive offices, the Supreme Court and the clerk of the Supreme Court, the Department of Law and the law library, in the New State Capitol, provided the General Assembly and the Legislative Research Commission shall have complete control and exclusive use of the third and fourth floors of the New State Capitol and shall have exclusive use of the space in the New State Capitol Annex allocated to them under paragraphs (a) and (b) of this subsection. If there be any additional space in the Capitol, it shall be assigned to agencies whose activities are most closely related to the agencies directed to be located permanently in the Capitol;

- (5) To acquire, by condemnation in the manner provided in the Eminent Domain Act of Kentucky, any real estate necessary for use by the state or by any state agency, when the cabinet is unable to agree with the owner thereof on a price for such real estate;
- (6) To lease any real property, or any interest in such real property, owned by the state or any agency thereof, in accordance with KRS 45A.045;
- (7) To provide for and adopt plans and specifications as may be necessary, to provide adequate public notice for and receive bids for any expenditures proposed to be made, to award contracts for the purpose authorized, to supervise construction and make changes and revisions in plans and specifications or in construction as may become necessary, and generally to do any and all other things as may become necessary or expedient in order to effectively fulfill and carry out the purposes of this chapter, including the right to employ clerks, engineers, statisticians, architects, or other persons required to be employed in order to fulfill the functions of the Commonwealth relating to state property and buildings provided in KRS 56.450 to 56.550; and
- (8) To adopt rules and promulgate administrative regulations as may be necessary to govern the acquisition, control, and disposition of the real property to which this section is applicable.

➔Section 6. Whereas it may be necessary to negotiate upcoming insurance rates for the Commonwealth of Kentucky, an emergency is declared to exist, and this Act takes effect upon its passage and approval of the Governor or upon its otherwise becoming a law.

Veto Overridden March 29, 2023.