

39A.303 East Kentucky State Aid Funding for Emergencies (EKSAFE) fund.

- (1) The East Kentucky State Aid Funding for Emergencies (EKSAFE) fund is established and shall be:
 - (a) Administered by the Department of Military Affairs, Division of Emergency Management, in accordance with this section;
 - (b) A separate fund to provide financial assistance for those located in the areas named in the Presidential Declaration of a Major Disaster, designated FEMA-4663-DR-KY, and impacted by the July 2022 storms and flooding that occurred in the eastern Kentucky region; and
 - (c) Used to provide financial support to those located in the areas named in the Presidential Declaration of a Major Disaster, designated FEMA-4663-DR-KY, in the eastern Kentucky region to recover from the devastation caused by the storms and flooding.
- (2) The Department of Military Affairs or the Division of Emergency Management shall not publicly advertise or solicit contributions from the general public that could potentially impact fundraising efforts of not-for-profit disaster relief agencies.
- (3) The EKSAFE fund may receive state appropriations, gifts, grants, federal funds, and any other funds, both public and private.
- (4) Moneys in the EKSAFE fund as of June 30, 2023, through June 30, 2026, shall not lapse and shall carry forward until June 30, 2026.
- (5) Any interest earnings of the EKSAFE fund shall become a part of the EKSAFE fund and shall not lapse.
- (6)
 - (a) Eligibility to receive financial support from the EKSAFE fund shall be limited to a:
 1. City, county, urban-county government, consolidated local government, unified local government, or charter county government;
 2. Nonprofit or public utility service provider;
 3. State agency; or
 4. School district;that has disaster-related needs as a result of the devastation experienced from the July 2022 storms and flooding.
 - (b) An eligible recipient may receive moneys for expenses to provide disaster and recovery relief if the recipient:
 1. Is located in the areas named in the Presidential Declaration of a Major Disaster, designated FEMA-4663-DR-KY, relating to the storms and flooding that occurred in July 2022; and
 2. Has disaster-related needs in response to the storms and flooding that occurred in July 2022.
 - (c) The financial support shall not cover any new construction inside the one hundred (100) year floodplain area.
 - (d)
 1. Eligible expenses shall be those used to support disaster and recovery relief, including but not limited to:

- a.
 - i. Replacement or renovation of publicly owned buildings damaged by the storms and flooding, but only to the extent of damage directly caused by the storms and flooding; and
 - ii. Replacement, renovation, or expansion of an essential government facility that was used for existing services at the time of the disaster, including police, fire, and ambulance stations, functioning above capacity at the time of application, but only to the extent of damage directly caused by the storms and flooding;
 - b. Reimbursement for services, personnel, and equipment provided during the response and recovery to communities impacted by the storms and flooding, but only to the extent of damage directly caused by the storms and flooding;
 - c. Funding to cities, counties, and publicly owned utilities for the costs of replacement or repair of publicly owned buildings and their contents due to the damage from the storms and flooding, but only to the extent of damage directly caused by the storms and flooding;
 - d. Assistance to cities and counties for expenses related to planning efforts for rebuilding and recovering from the damage, but only to the extent of damage directly caused by the storms and flooding;
 - e. Assistance to support disaster recovery and relief needs of local school districts, but only to the extent of loss or damage directly caused by the storms and flooding, including but not limited to:
 - i. Financial support for school districts that will experience a default in bond payments; and
 - ii. Financial support to assist school districts with building and tangible property replacement needs; and
 - f. Contracted employees to administer and report on the funds.
2.
 - a. Moneys used for the eligible expenses described in subparagraph 1.a.i. or ii. of this paragraph shall be:
 - i. Issued in the form of a loan; and
 - ii. Used to replace, renovate, or expand an essential government facility that was used for existing services at the time of the disaster at up to one hundred twenty percent (120%) of capacity at the time of application for proceeds.
 - b. Any loan issued under subdivision a. of this subparagraph shall contain the following terms:
 - i. An interest rate of zero percent (0%);
 - ii. A time for repayment of no longer than twenty (20) years; and
 - iii. A repayment structure of quarterly payments due on the thirtieth day of March, June, September, and December of

each year until the loan is repaid.

- c. The recipient of any loan issued under subdivision a. of this subparagraph shall report to the Department of Military Affairs, Division of Emergency Management, on a quarterly basis:
 - i. The amount of any insurance proceeds received related to the replacement, renovation, or expansion of an essential government facility for which the loan was granted; and
 - ii. The name and address of the insurance provider.
 - d. No later than November 1, 2023, and each November 1 thereafter, the Department of Military Affairs, Division of Emergency Management, shall compile the information reported by each recipient under subdivision c. of this subparagraph and report the compiled information to the Interim Joint Committee on Appropriations and Revenue.
- (7) Each recipient of moneys from the EKSAFE fund, including any agency of Kentucky state government, shall:
- (a) Retain documentation of a timely application for any applicable reimbursement, including but not limited to federal emergency disaster grant assistance, other financial disaster assistance, and insurance proceeds; and
 - (b) Adhere to the terms of the EKSAFE fund regarding reimbursement to the Commonwealth if funds from other sources are subsequently received after the receipt of financial assistance from the Commonwealth.
- (8) (a) Moneys in the EKSAFE fund may be used for the advancement of moneys to cities, counties, school districts, and nonprofit or public utility service providers experiencing strained fiscal liquidity while awaiting reimbursement from federal emergency management assistance or insurance claims and shall not be used for capital improvements.
- (b) Reimbursement of the advancement under paragraph (a) of this subsection shall:
- 1. Be determined by the:
 - a. State-local finance officer within the Department for Local Government for cities and counties, and nonprofit or public utilities; and
 - b. Department of Education for school districts; and
 - 2. Include a quarterly accounting of the advancement released and the outstanding balance through June 30, 2026.
- (9) (a) 1. If a recipient of moneys from the EKSAFE fund subsequently receives moneys from any other source, the recipient shall reimburse the Commonwealth for the amount of the moneys received from the EKSAFE fund.
2. Before July 1, 2026, all moneys reimbursed to the Commonwealth under subparagraph 1. of this paragraph shall be deposited in the EKSAFE fund within thirty (30) days, and shall be continuously appropriated.

3. After June 30, 2026, all moneys reimbursed to the Commonwealth under subparagraph 1. of this paragraph shall be deposited into the budget reserve trust fund account established in KRS 48.705 within thirty (30) days.
- (b)
1. If a recipient receives moneys in the form of a loan under subsection (6)(d)2. of this section, the recipient shall reimburse the Commonwealth for the amount of the moneys received from the EKSAFE fund according to the repayment structure under subsection (6)(d)2.b.iii. of this section.
 2. Before July 1, 2026, all moneys reimbursed to the Commonwealth under subparagraph 1. of this paragraph shall be deposited in the EKSAFE fund within thirty (30) days, and shall be continuously appropriated.
 3. After June 30, 2026, all moneys reimbursed to the Commonwealth under subparagraph 1. of this paragraph shall be deposited into the budget reserve trust fund account established in KRS 48.705 within thirty (30) days.
- (10) The Division of Emergency Management shall promulgate administrative regulations to carry out this section.
- (11) The following reports shall be submitted to the Senate Standing Committee on Appropriations and Revenue and the House Standing Committee on Appropriations and Revenue or the Interim Joint Committee on Appropriations and Revenue by the tenth day of each month, beginning September 10, 2022, and ending July 10, 2026:
- (a) A report from the Office of State Budget Director that includes:
1. The name of each recipient of moneys from the EKSAFE fund;
 2. The dollar amount of moneys issued and the dates of issuance;
 3. A description of how the moneys were used; and
 4. A list of all requests:
 - a. Submitted, including the amount requested;
 - b. Denied, including a description of the reason for the denial; and
 - c. Where the amount awarded was greater than or less than the amount requested, including a description of the reason for the increase or decrease; and
- (b) A report from the Department of Education that includes:
1. The name of each school district receiving moneys from the EKSAFE fund;
 2. The dollar amount of moneys issued and the dates of issuance;
 3. A description of how the moneys were used; and
 4. A list of all requests:
 - a. Submitted, including the amount requested;
 - b. Denied, including a description of the reason for the denial; and
 - c. Where the amount awarded was greater than or less than the amount requested, including a description of the reason for the

increase or decrease.

Effective: March 24, 2023

History: Amended 2023 Ky. Acts ch. 91, sec. 2, effective March 24, 2023. -- Created 2022 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 1, effective August 26, 2022.