

39A.305 West Kentucky State Aid Funding for Emergencies (WKSAFE) fund.

- (1) The West Kentucky State Aid Funding for Emergencies (WKSAFE) 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 impacted by the December 2021 storms and tornadoes that occurred in the west Kentucky region; and
 - (c) Used to provide financial support to the west Kentucky region to recover from the devastation caused by the storms and tornadoes.
- (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 WKSAFE fund may receive state appropriations, gifts, grants, federal funds, and any other funds, both public and private.
- (4) Moneys in the WKSAFE fund as of June 30, 2022, through June 30, 2026, shall not lapse and shall carry forward until June 30, 2026.
- (5) Any interest earnings of the WKSAFE fund shall become a part of the WKSAFE fund and shall not lapse.
- (6) Eligibility to receive financial support from the WKSAFE fund shall be limited to a:
 - (a) City, county, urban-county government, consolidated local government, unified local government, or charter county government;
 - (b) Nonprofit or public utility service provider;
 - (c) State agency;
 - (d) School district; or
 - (e) Qualified lender as defined in KRS 154.20-580;that has disaster-related needs as a result of the devastation experienced from the December 2021 storms and tornadoes.
- (7) An eligible recipient may receive moneys for expenses to provide disaster and recovery relief if the recipient:
 - (a) Is located in the areas named in a Presidential Declaration of Emergency relating to the storms and tornadoes that occurred in December 2021; and
 - (b) Has disaster-related needs in response to the storms and tornadoes that occurred in December 2021.
- (8) Eligible expenses shall be those used to support disaster and recovery relief, including but not limited to:
 - (a) 1. Replacement or renovation of publicly owned buildings damaged by the storms and tornadoes, but only to the extent of damage directly caused by the storms and tornadoes; and
 2. 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 tornadoes;

- (b) Reimbursement for services, personnel, and equipment provided during the response and recovery to communities impacted by the storms and tornadoes, but only to the extent of damage directly caused by the storms and tornadoes;
 - (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 tornadoes, but only to the extent of damage directly caused by the storms and tornadoes;
 - (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 tornadoes;
 - (e) Assistance to support disaster recovery and relief needs of local school districts, but only to the extent of damage directly caused by the storms and tornadoes, including but not limited to:
 - 1. Financial support for school districts that will experience a default in bond payments; and
 - 2. Financial support to assist school districts with building and tangible property replacement needs;
 - (f) Contracted employees to administer and report on the funds; and
 - (g)
 - 1. Financial assistance to cities, counties, and school districts for realized revenue losses, but only to the extent the loss is directly caused by the storms and tornadoes, and to be determined on a quarterly basis by the:
 - a. State-local finance officer within the Department for Local Government for cities and counties; and
 - b. Department of Education for school districts.
 - 2. The financial assistance determined in subparagraph 1. of this paragraph shall be limited to:
 - a. One hundred percent (100%) of the lost revenue in fiscal year 2022-2023;
 - b. Sixty-six percent (66%) of the lost revenue in fiscal year 2023-2024; and
 - c. Thirty-three percent (33%) of the lost revenue in fiscal year 2024-2025.
- (9) (a) Moneys used for the eligible expenses described in subsection (8)(a)1. or 2. of this section shall be:
- 1. Issued in the form of a loan; and
 - 2. 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 paragraph (a) of this subsection shall contain the

following terms:

1. An interest rate of zero percent (0%);
 2. A time for repayment of no longer than twenty (20) years; and
 3. 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 paragraph (a) of this subsection shall report to the Department of Military Affairs, Division of Emergency Management, on a quarterly basis:
1. 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
 2. 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 paragraph (c) of this subsection and report the compiled information to the Interim Joint Committee on Appropriations and Revenue.
- (10) Each recipient of moneys from the WKSAFE fund, including any agency of Kentucky state government, shall:
- (a) Timely apply for federal emergency disaster grant assistance, other financial disaster assistance, and insurance proceeds; and
 - (b) Adhere to the terms of the WKSAFE fund regarding reimbursement to the Commonwealth if funds from other sources are subsequently received after the receipt of financial assistance from the Commonwealth.
- (11) (a) Moneys in the WKSAFE fund may be used for the advancement of moneys to cities, counties, 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.
- (12) (a) 1. If a recipient of moneys from the WKSAFE fund subsequently receives moneys from any other source, the recipient shall reimburse the Commonwealth for the amount of the moneys received from the WKSAFE fund.

2. Before July 1, 2026, all moneys reimbursed to the Commonwealth under subparagraph 1. of this paragraph shall be deposited in the WKSAFE 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 (9)(a) of this section, the recipient shall reimburse the Commonwealth for the amount of the moneys received from the WKSAFE fund according to the repayment structure under subsection (9)(b)3. 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 WKSAFE 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.
- (13) The Division of Emergency Management shall promulgate administrative regulations to carry out this section.
- (14) 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 May 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 WKSAFE 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 WKSAFE 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.
- (15) A report 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 following the end of each calendar quarter by the Cabinet for Economic Development, beginning July 10, 2026, and ending when no further applications for a loss payment may be submitted under KRS 154.20-589(7), including:
- (a) The name of each qualified lender receiving a loss payment;
 - (b) The dollar amount of the payment received;
 - (c) A description of the loan terms; and
 - (d) An explanation regarding why the loss payment was needed.

Effective: March 24, 2023

History: Amended 2023 Ky. Acts ch. 91, sec. 3, effective March 24, 2023. -- Amended 2022 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 2, effective August 26, 2022. -- Created 2022 Ky. Acts ch. 2, sec. 4, effective January 13, 2022; and amended ch. 222, sec. 1, effective April 15, 2022.

Legislative Research Commission Note (4/15/2022). This statute was created by House Bill 5, 2022 Ky. Acts ch. 2, which was subsequently amended by Senate Bill 150, 2022 Ky. Acts ch. 222. Where these Acts are not in conflict, they have been codified together. Where a conflict exists, Acts ch. 222, which was last enacted by the General Assembly, prevails under KRS 446.250.