

1 AN ACT relating to the emergency revolving school loan fund account, making an  
2 appropriation therefore, and declaring an emergency.

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

4 ➔Section 1. KRS 160.599 is amended to read as follows:

5 (1) A special fund is hereby created which shall be known as "the emergency revolving  
6 school loan fund account," hereinafter referred to as account. This account, which  
7 shall be administered by the Kentucky Board of Education, is for the purpose of  
8 providing emergency loans to eligible public common school districts.

9 ~~(2) In order to be eligible for a loan from the account, a school district shall meet all of~~  
10 ~~the following conditions:~~

11 ~~(a) A loss of physical facilities must have been suffered as a result of a fire or a natural~~  
12 ~~disaster;~~

13 ~~(b) Insurance on such facilities was insufficient to replace the loss;~~

14 ~~(c) The district is bonded to practical capacity and has insufficient resources to meet its~~  
15 ~~immediate capital outlay needs as determined by an investigation of the chief state~~  
16 ~~school officer.~~

17 ~~(3) As an alternative to the criteria in subsection (2) of this section, }A school district~~  
18 ~~shall be eligible for a loan from the account if:~~

19 (a) The sheriff has failed to collect or disburse delinquent tax revenue, which is  
20 for the benefit of the school district, within the fiscal year that the school  
21 district is to utilize those receipts according to its budget; ~~[-]~~

22 (b) The school district has a significant revenue shortfall within the immediate  
23 prior year, the current year, or the upcoming fiscal year, due to  
24 circumstances beyond the district's control which the district has made  
25 reasonable and prudent efforts to mitigate; or

26 (c) There are any other extraordinary financial circumstances which warrant  
27 an emergency loan, as determined by the Kentucky Board of Education on

1                    **recommendation of the chief state school officer.**

2     ~~(3)~~~~(4)~~     ~~[Under the criteria of subsection (2) of this section,] No loan from the account~~  
3                    shall be made for a period in excess of **five (5)**~~[ten (10)]~~ years~~[, and under the~~  
4                    criteria of subsection (3) of this section, no loan from the account shall be made for  
5                    a period in excess of three (3) years]. The maximum amount of any one (1) loan  
6                    from the account shall not exceed **five hundred thousand dollars (\$500,000)**~~[two~~  
7                    hundred fifty thousand dollars (\$250,000)] and shall be determined by the Kentucky  
8                    Board of Education on recommendation of the chief state school officer.

9     ~~(4)~~~~(5)~~     The Kentucky Board of Education shall establish the terms and conditions for  
10                    repaying the principal of such loan and interest shall not be charged on the loan.  
11                    **The Kentucky Board of Education may promulgate administrative regulations in**  
12                    **accordance with KRS Chapter 13A as needed for the loan process.**~~[No loan shall~~  
13                    cover a loss prior to January 1, 1972.]

14     ~~(5)~~~~(6)~~     **The Kentucky Department of Education shall monitor any loans made and**  
15                    **provide by October 1 of each year an annual written report to the Interim Joint**  
16                    **Committee on Appropriations and Revenue on the status of the loan fund**  
17                    **account as of the immediately previous September 1.**~~[School districts eligible~~  
18                    under this section to borrow from the account shall file formal application for such  
19                    loan on forms provided by the state department of education. Before any loan is  
20                    made, the application must be approved by the Kentucky Board of Education on the  
21                    recommendation of the chief state school officer.]

22     ~~(6)~~~~(7)~~     All repayments of loans made under this section shall be paid into the  
23                    emergency revolving school loan fund account, which shall be funded by an  
24                    appropriation through the biennial budget. Balances remaining in the fund shall not  
25                    revert to the general fund at the end of any fiscal year.

26     ~~(7)~~~~(8)~~     On approval of the loan application by the Kentucky Board of Education on  
27                    the recommendation of the chief state school officer, the Finance and

1 Administration Cabinet, on the certification of the chief state school officer, shall  
2 draw a warrant on the State Treasurer for the amount of the approved loan that is  
3 due the school district. The check shall be issued by the State Treasurer and  
4 transmitted to the Department of Education for distribution to the proper official of  
5 the school district when the district has complied with the rules and regulations of  
6 the Kentucky Board of Education.

7 ~~(8)~~~~(9)~~ Any loan to a local school district under the provisions of this section shall not  
8 be considered as an indebtedness of the school district within the meaning of  
9 Sections 157 and 158 of the Kentucky Constitution.

10 ➔Section 2. KRS 157.330 is amended to read as follows:

11 (1) There is hereby established the fund to support education excellence in Kentucky  
12 consisting of appropriations for distribution to districts in accordance with the  
13 provisions of KRS 157.310 to 157.440.

14 (2) The resources of the public school fund shall be paid into the State Treasury, and  
15 shall be drawn out or appropriated only in aid of public schools as provided by  
16 statute.

17 **(3) Notwithstanding KRS 45.229, any funds remaining in the fund to support**  
18 **education excellence in Kentucky at the close of a fiscal year shall not lapse and**  
19 **shall be transferred to the emergency revolving school loan fund account**  
20 **described in Section 1 of this Act.**

21 ➔Section 3. Whereas local school districts need access to funds provided through  
22 the emergency revolving school loan fund account for the current school year, an  
23 emergency is declared to exist, and this Act takes effect upon its passage and approval by  
24 the Governor or upon its otherwise becoming a law.