

1 AN ACT relating to capital projects.

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

3 ➔Section 1. KRS 45.750 is amended to read as follows:

4 (1) As used in KRS 45.760 to 45.810:

5 (a) "Committee" means the Capital Projects and Bond Oversight Committee;

6 (b) "Capital construction item" means:

7 1. The construction, reconstruction, acquisition, and structural maintenance
8 of buildings;

9 2. The installation of utility services, including roads and sewers;

10 3. The acquisition or improvement of real property;

11 4. The purchase and installation initially or during major renovation of
12 equipment, facilities, and furnishings of a permanent nature for
13 buildings; or

14 5. The acquisition of any building to be occupied by any:

15 a. Subdivision of state government as defined in KRS 12.010 or
16 enumerated in KRS 12.020;

17 b. Municipal corporation which exercises its authority on a statewide
18 basis including, but not limited to, the Kentucky Employees
19 Retirement System, Teachers' Retirement System of the State of
20 Kentucky, Kentucky Higher Education Student Loan Corporation,
21 Kentucky Lottery Corporation, Kentucky Housing Corporation, or
22 any entity with a governing body whose membership is
23 substantially similar to the membership of the governing body of a
24 municipal corporation which exercises its authority on a statewide
25 basis; and

26 c. Institution of higher education;

27 (c) "Lease" means any lease, lease-purchase, or lease with an option to purchase

1 of any real property space occupied by:

- 2 1. Any entity listed in paragraph (b)5. of this subsection;
- 3 2. The legislative branch; or
- 4 3. The judicial branch when leased from a private sector landlord;

5 (d) "Equipment" means:

- 6 1. Any major item of equipment, including aircraft;
- 7 2. Any movable furnishing, appurtenance, or other equipment, necessary to
8 make a building operable; and
- 9 3. Equipment purchased or otherwise acquired, or equipment to be
10 purchased or otherwise to be acquired, under a lease or lease-purchase
11 contract or agreement or an arrangement equivalent to a lease or lease-
12 purchase contract or agreement;

13 (e) "Information technology system" means any related computer or
14 telecommunications components that provide a functional system for a
15 specific business purpose and contain one (1) or more of the following:

- 16 1. Hardware;
- 17 2. Software, including application software, systems management software,
18 utility software, or communications software;
- 19 3. Professional services for requirements analysis, system integration,
20 installation, implementation, or data conversion services; or
- 21 4. Digital data products, including acquisition and quality control;

22 (f) "Capital projects" means, regardless of the source of cash or other
23 consideration:

- 24 1. Any capital construction item, or any combination of capital
25 construction items necessary to make a building or utility
26 installation complete, estimated to cost~~[-~~

27 ~~a. In the case of institutions of higher education,] one million dollars~~

- 1 (\$1,000,000) or more in cash or other consideration; ~~and~~
- 2 ~~b. In the case of all other entities, six hundred thousand dollars~~
- 3 ~~(\$600,000) or more in cash or other consideration;~~
- 4 2. Any lease of real property space with an annual rental cost exceeding
- 5 two hundred thousand dollars (\$200,000);
- 6 3. The use allowance paid by the judicial branch for a real property space
- 7 pursuant to KRS 26A.090(2) and 26A.115 when the use allowance for
- 8 the space exceeds two hundred thousand dollars (\$200,000) on an
- 9 annual basis;
- 10 4. Any item of equipment estimated to cost two hundred thousand dollars
- 11 (\$200,000) or more in cash or other consideration;
- 12 5. Any lease of an item of movable equipment if the annual cost of the
- 13 lease is two hundred thousand dollars (\$200,000) or more or if the total
- 14 cost of the lease-purchase or lease with an option to purchase is two
- 15 hundred thousand dollars (\$200,000) or more; and
- 16 6. Any new acquisition, upgrade, or replacement of an information
- 17 technology system estimated to cost:
- 18 a. In the case of institutions of higher education, one million dollars
- 19 (\$1,000,000) or more in cash or other consideration; and
- 20 b. In the case of all other entities, six hundred thousand dollars
- 21 (\$600,000) or more in cash or other consideration;
- 22 (g) "Emergency repair, maintenance, or replacement project" means the
- 23 maintenance, repair, or reconstruction of a capital construction project or the
- 24 maintenance, repair, or replacement of a major item of equipment that is:
- 25 1. Necessitated by injury or damage resulting from a disaster;
- 26 2. Necessary to maintain government operations or to prevent or minimize
- 27 injury or damage that could reasonably be expected to result from an

1 impending disaster; or

2 3. Necessitated by an unforeseen mechanical breakdown, electrical
3 breakdown, or structural defect that must be corrected to make a facility
4 or item of equipment usable;

5 (h) "Disaster" means a fire, flood, tornado, other natural disaster, riot, enemy
6 attack, sabotage, explosion, power failure, energy shortage, transportation
7 emergency, or other man-caused disaster;

8 (i) "Capital construction funds" means any funds used for capital construction,
9 including, but not limited to, appropriated capital construction funds, agency
10 funds, federal funds, private funds, or funds from any source held by an
11 agency for management or investment purposes; and

12 (j) "Entity head" means the Chief Justice of the Supreme Court, the President of
13 the Senate and the Speaker of the House of Representatives, the secretary of
14 the Finance and Administration Cabinet, the president of any university which
15 complies with KRS 164A.585, 164A.595, and 164A.600, the board of trustees
16 of the Kentucky Employees Retirement System, the board of trustees of the
17 Teachers' Retirement System of the State of Kentucky, the board of directors
18 of the Kentucky Higher Education Student Loan Corporation, the board of
19 directors of the Kentucky Lottery Corporation, or the board of directors of the
20 Kentucky Housing Corporation.

21 (2) Except as provided in subsection (3) of this section, KRS 45.760 to 45.810 shall
22 apply to capital projects and bonds for use by:

23 (a) The state government;

24 (b) One of its departments or agencies, as defined in KRS 12.010 or enumerated
25 in KRS 12.020;

26 (c) A municipal corporation which exercises its authority on a statewide basis,
27 including but not limited to the Kentucky Employees Retirement System,

1 Teachers' Retirement System of the State of Kentucky, Kentucky Higher
2 Education Student Loan Corporation, Kentucky Lottery Corporation, and
3 Kentucky Housing Corporation; and

4 (d) Institutions of higher education.

5 (3) KRS 45.760 to 45.810 shall not apply to:

6 (a) Capital projects or bonds used directly in or for the construction or
7 maintenance of roads, including but not limited to bulldozers, graders, earth
8 movers, and real estate purchased for rights-of-way; and

9 (b) Political subdivisions, except for those defined in KRS 12.010, enumerated in
10 KRS 12.020, or created as a municipal corporation which exercises its
11 authority on a statewide basis including, but not limited to, the Kentucky
12 Employees Retirement System, Teachers' Retirement System of the State of
13 Kentucky, Kentucky Higher Education Student Loan Corporation, Kentucky
14 Lottery Corporation, Kentucky Housing Corporation, or any entity with a
15 governing body whose membership is substantially similar to the membership
16 of the governing body of a municipal corporation which exercises its authority
17 on a statewide basis. However, the provisions of KRS 45.750 to 45.810 shall
18 not apply to acquisition or maintenance of any building or land which is
19 purchased as a legal investment by any of the state retirement systems, which
20 is not to be occupied by the retirement system, and which is financed solely
21 with those assets of the retirement system used for investment purposes.