AN ACT relating to broadband and making an appropriation therefor.

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

SECTION 1. KRS 246.010 IS REPEALED AND REENACTED TO READ AS FOLLOWS:

As used in this chapter, unless the context requires otherwise:

(1) "Agriculture" means the business of raising or producing:

(a) Crops, the products of which are used for food, feed, fiber, energy, or pharmaceuticals;
(b) Horticulture products;
(c) Tobacco;
(d) Aquaculture products;
(e) Livestock, poultry, and ratite birds and eggs;
(f) Milk and milk products;
(g) Eggs and egg products;
(h) Bees and bee products; and
(i) Timber;

(2) "Aquaculture" means the science, art, and business of producing and raising aquatic organisms under controlled or semiconrolled conditions;

(3) "Board" means the state Board of Agriculture;

(4) "Broadband" or "broadband service" means any wireline or fixed terrestrial technology having a capacity to transmit data from or to the Internet with minimum speed standards adopted by the Federal Communications Commission or the United States Department of Agriculture and any amendments to those definitions. If the agencies use different speed definitions, the faster speed definition shall apply to Sections 4 and 5 of this Act;

(5) "Broadband deployment fund" means a trust and agency fund as defined in KRS 45.253(2) to assist with the construction, development, or improvement of
broadband infrastructure, broadband services, or technologies that constitute a part of, or are related to, broadband infrastructure or broadband services, to provide for broadband service in underserved or unserved areas of the Commonwealth;

(6) "Broadband deployment project area" means a geographic area determined by census block or shapefile geospatial data for which grant funding has been authorized under Sections 4 and 5 of this Act;

(7) "Census block" means the smallest geographic unit used by the United States Census Bureau that is reported on the Federal Communications Commission Form 477 relating to fixed broadband deployment data;

(8) "Commissioner" means the Commissioner of Agriculture;

(9) "Department" means the Department of Agriculture;

(10) "Horticulture" means the business of raising fruits, nuts, vegetables, flowers, ornamental plants, shrubs, trees, herbs, and the starts or transplants needed to produce these items;

(11) "Livestock" means cattle, sheep, swine, goats, horses, llamas, buffaloes, or any other animals of the bovine, ovine, porcine, caprine, or equine species, deer and elk, whose regulatory requirements are under KRS Chapters 150 and 246, that are privately owned and raised in a confined area for breeding stock, food, fiber, and other products;

(12) "Poultry" means chickens, ducks, turkeys, or other domestic fowl being raised or kept on any premises in the Commonwealth for profit;

(13) "Shapefile" means a file format for storing, depicting, and analyzing geospatial data showing broadband coverage;

(14) "Structure" means a building erected as a shelter for human beings, animals or agricultural products, equipment, or supplies;

(15) "Underserved area" means any project area where fixed, terrestrial broadband
service with a minimum twenty-five (25) megabits per second downstream and three (3) megabits per second upstream is not available; and

(16) "Unserved area" means any project area where fixed, terrestrial broadband service with a minimum ten (10) megabits per second downstream and one (1) megabit per second upstream is not available.

Section 2. KRS 246.030 is amended to read as follows:

The department shall consist of:

(1) The Office of the Commissioner;

(2) The Office of Agricultural Marketing, which shall include the following:

(a) The Promotion and Development Division;

(b) The Shows and Fairs Division;

(c) The Livestock Division;

(d) The Plant Division;

(e) The Education and Outreach Division; and

(f) The Direct Farm Marketing Division;

(3) The Office for Consumer and Environmental Protection, which shall include the following:

(a) The Division of Regulation and Inspection;

(b) The Division of Food Distribution; and

(c) The Division of Environmental Services;

(4) The Office of State Veterinarian, which shall include the following:

(a) The Division of Animal Health; and

(b) The Division of Producer Services;

(5) The Office of Innovation;

(6) The Office of Administrative Services, which shall include the following:

(a) The Division of Human Resources;

(b) The Division of Administrative Services; and
(c) The Division of Information Technology;

(7)(6) The Office of Communications;

(8)(7) The Office of Legal Services; and

(9)(8) The State Board of Agriculture.

SECTION 3. A NEW SECTION OF KRS CHAPTER 246 IS CREATED TO READ AS FOLLOWS:

(1) The Office of Innovation shall be established within the Department of Agriculture. The Commissioner shall be the administrative head and chief executive officer for the Office of Innovation. The Commissioner shall hire staff, contract for services, expend funds, and operate the normal business activities of the Office of Innovation without regard to KRS Chapter 18A. The staff for the Office of Innovation shall be exempt from classified service pursuant to KRS Chapter 18A.

(2) The Commissioner shall appoint an executive director for the Office of Innovation.

(3) The department may establish the standards and provisions of any broadband expansion program established in the Office of Innovation and the fees for administration of those programs through the promulgation of administrative regulations in accordance with the provisions of KRS Chapter 13A.

(4) The Office of Innovation shall be the sole executive branch agency responsible for planning and coordinating broadband deployment in unserved and underserved areas of Kentucky. The office shall also be the sole executive branch agency to apply for, receive, administer, and expend federal funds for broadband deployment. The office shall be the sole point of contact and liaison to federal agencies and programs regarding broadband deployment. The office shall consult and coordinate with state, local, and regional agencies, and with private entities, to develop and implement a statewide broadband plan in order to achieve
cost-effective broadband access for underserved and unserved areas of Kentucky.

(5) The Office of Innovation shall:

(a) Collect broadband availability data from Kentucky broadband providers and other sources at or below the street or road segment level;

(b) Verify the data through on-site testing;

(c) Create and maintain a statewide interactive broadband availability map available to the public and government sectors;

(d) Provide analysis on future broadband infrastructure;

(e) Review the accuracy of broadband data collected by the Federal Communications Commission; and

(f) Ensure Kentucky's allotted share of federal funding.

(6) The Office of Innovation shall administer the broadband deployment fund established in Sections 4 and 5 of this Act.

(7) The Office of Innovation shall have no authority or oversight of KentuckyWired as defined in KRS 154.15-010.

(8) Beginning December 1, 2021, the Office of Innovation shall submit a report to the Legislative Research Commission, and every six (6) months thereafter, summarizing its recent activities including but not limited to making recommendations for broadband infrastructure development, particularly in underserved and unserved areas, and reporting the grant applications and distributions from the broadband deployment fund.

SECTION 4. A NEW SECTION OF KRS CHAPTER 246 IS CREATED TO READ AS FOLLOWS:

(1) The broadband deployment fund shall be established in the State Treasury and shall be administered by the Office of Innovation. All moneys in the fund shall be allocated and dedicated solely to providing grant funds to governmental agencies and private sector entities to construct infrastructure for the deployment of
broadband service to households and businesses in underserved and unserved areas of the Commonwealth.

(2) Moneys in the broadband deployment fund are hereby appropriated and shall only be used for the purposes stated in Section 5 of this Act.

(3) Notwithstanding KRS 45.229, any moneys remaining in the broadband deployment fund at the close of the fiscal year shall not lapse but shall be carried forward into the succeeding fiscal year to be used for the purposes set forth in this section and Section 5 of this Act.

(4) Interest earned on the moneys in the broadband deployment fund shall stay in the fund.

Section 5. KRS 224A.112 is repealed, reenacted as a new section of KRS Chapter 246, and amended to read as follows:

(1) The purpose of the broadband deployment fund set forth in Section 4 of this Act shall be to assist governmental agencies and private sector entities to construct infrastructure for the deployment of broadband service to underserved or unserved areas of the Commonwealth. The Office of Innovation shall manage the fund and may accept and receive appropriations from the General Assembly or other funds or gifts from both public and private sources, including but not limited to local governments and federal agencies.

(2) The office shall establish a grant program that allocates funds from the broadband deployment fund in accordance with this section and administrative regulations promulgated under this section. Grant funds may be used by government or private sector entities for broadband deployment projects.

(3) The grant program shall be developed to give highest funding priority to those projects which most effectively provide broadband service to the greatest number of underserved and unserved Kentucky citizens and at the lowest cost. Funding shall
not be used to duplicate broadband service to citizens, households, and businesses in a broadband deployment project area where fixed, terrestrial broadband service meets or exceeds twenty-five (25) megabits per second downstream and three (3) megabits per second upstream.

(4) The office[authority] shall develop funding criteria and prioritization schedules for broadband deployment projects in a technology-neutral manner in accordance with this section.

(5) The office[authority] shall establish guidelines and standards for applying for and approving grants from the broadband deployment fund. An eligible applicant shall submit an application to the office[authority]. An application for a grant shall contain any information the office[authority] requires, including but not limited to:

(a) A geographic description of the broadband deployment project area, including whether the area is partially served;

(b) A description of the broadband deployment project, including facilities, equipment, total cost, timeframe for completion, and network capabilities, including minimum speed thresholds;

(c) Documentation of the applicant's technical, financial, and managerial resources and experience to build, operate, and manage broadband serving citizens, households, and businesses in Kentucky;

(d) Documentation of the economic and commercial feasibility of the proposed broadband deployment project;

(e) The number of citizens, households, or businesses that would have new access to broadband as a result of the grant;

(f) The amount of matching funds the eligible applicant will contribute and a certification that no portion of the matching funds is derived from any state or federal grant received for the purpose of funding broadband infrastructure within the project area; and
(g) A certification that none of the funds provided by the program for the project
in the application will be used to extend or deploy facilities to any currently
served citizens, households, or businesses.

(6) The office shall make the applications available to the public within five
(5) business days of the deadline for submission of applications, provided the
information contained within an application is not exempt from disclosure under the
provisions of the Open Records Act, KRS 61.870 to 61.884. The description of the
geographic scope of the broadband deployment project area shall not be exempt
under the Open Records Act, KRS 61.870 to 61.884, and shall be made available to
the public within five (5) days after submission of the application.

(7) As part of the grant application process, pursuant to subsection (3) of this section,
the office shall include an opportunity for a broadband service provider
to challenge the application. As part of the dispute process, the office may consider any relevant geospatial data available from a broadband service
provider or grant applicant. Geospatial data may include but is not limited to
shapefiles detailing broadband coverage, the most current Federal Communications
Commission Form 477 fixed broadband deployment data reporting, or other
documentation of broadband deployment infrastructure in the project area to show
that a challenged project area is underserved or unserved. A challenging provider
may provide the office with proof, including but not limited to:

(a) The broadband deployment project area is currently served or is under
construction for provision of broadband service within twelve (12) months of
the challenge; or

(b) The applicant has received funds from another state or federally funded grant
program designed to encourage broadband deployment in the area.

(8) Upon a determination that an application meets the funding criteria, but the
proposed project area is found to be partially served, the office may
amend the application and grant partial funding based on the partial service provided in order to ensure that grant funds are used to only provide broadband service to citizens, households, or businesses deemed underserved or unserved.

(9) No funds shall be used to support any broadband deployment project involving the upgrade of an existing facility or for non-capital expenses, non-broadband services, marketing, or advertising. The broadband deployment project area shall be described by census block including the specific addresses to be serviced or by shapefile geospatial data.

(10) Grant applicants shall pay a minimum of fifty percent (50%) of the project cost which shall not include any matching funds received from federal or state government grants for broadband deployment in the project area.

(11) Moneys in this fund shall not be used by or transferred to the Kentucky Communications Network Authority.

(12) To carry out the purposes of this section, the department[authority] shall promulgate administration regulations in accordance with KRS Chapter 13A. On or before December 31, 2021[Within one hundred eighty (180) days of July 15, 2020], the department[authority] shall promulgate regulations to implement the provisions of this section and Section 4 of this Act[KRS 224A.011, 224A.110, and 224A.112] and govern the submission, review, and approval of applications and the administration of broadband deployment projects. The department[authority] shall not promulgate any regulations that place obligations on the applicants that are more restrictive than applicable federal or state law. Except as otherwise provided in this section, all of the department's[authority's] records relating to the broadband deployment fund shall be deemed confidential unless disclosure is required under the provisions of the Open Records Act, KRS 61.870 to 61.884.

➤ Section 6. KRS 224A.011 is amended to read as follows:

As used in this chapter, unless the context requires otherwise:
(1) "Administrative fee" means a fee assessed and collected by the authority from borrowers and applicants under assistance agreements, to be used for operational expenses of the authority;

(2) "Applicable interest rate" means the rate of interest which shall be used as part of the repayment criteria for an assistance agreement between a governmental agency and the authority, and shall be determined by the authority pertinent to the source of funds from which the assistance agreement is funded;

(3) "Applicant" means a governmental agency or private sector entity that has submitted an application to the authority for a grant from the broadband deployment fund;

(4) "Application" means an application submitted by an applicant for a grant from the broadband deployment fund;

(5) "Assistance agreement" means the agreement to be made and entered into by and between a governmental agency or a private entity and the authority, as authorized by this chapter, providing for a lease, loan, services, or grant to a governmental agency or a private entity or for the purchase of obligations issued by the governmental agency, and for the repayment thereof to the authority by the governmental agency or a private entity;

(4)(6) "Authority" means the Kentucky Infrastructure Authority, which is created by this chapter;

(5)(7) "Authority revenues” means the totality of all:

(a) Service charges;

(b) Utility tax receipts, to the extent not otherwise committed and budgeted by the authority during any fiscal period of the authority;

(c) Any gifts, grants, or loans received, to the extent not otherwise required to be applied;

(d) Any and all appropriations made to the authority by the General Assembly of
the Commonwealth of Kentucky, to the extent not otherwise required to be applied;

(e) All moneys received in repayment of and for interest on any loans made by the authority to a governmental agency, except as provided in KRS 224A.111, 224A.1115, and 224A.112, or as principal of and interest on any obligations issued by a governmental agency and purchased by the authority, or as receipts under any assistance agreement;

(f) The proceeds of bonds or long-term debt obligations of governmental agencies pledged to the payment of bond anticipation notes issued by the authority on behalf of the said governmental agency to provide interim construction financing; and

(g) Payments under agreements with any agencies of the state and federal government;

(6) "Borrower or borrowing entity" means any agency of the state or its political subdivisions, any city, or any special district created under the laws of the state acting individually or jointly under interagency or interlocal cooperative agreements to enter into assistance agreements with the authority;

(9) "Broadband" means any wireline or fixed terrestrial technology having a capacity to transmit data from or to the Internet with a minimum speed of twenty five (25) megabits per second downstream and three (3) megabits per second upstream as defined by the Federal Communications Commission or the United States Department of Agriculture and any amendments to those definitions. If the agencies use different speed definitions, the faster speed definition shall apply to KRS 224A.110, 224A.112, and 224A.1121;

(10) "Broadband deployment fund" means a fund to assist with the construction, development, or improvement of broadband infrastructure, broadband services, or technologies that constitute a part of, or are related to, broadband infrastructure or
broadband services, to provide for broadband service in underserved or unserved areas of the Commonwealth;

(11) "Broadband deployment project" means a proposed deployment of broadband service infrastructure set forth in an application for grant funding under KRS 224A.112;

(12) "Broadband deployment project area" means a geographic area determined by census block or shapefile geospatial data for which grant funding has been authorized under this section and KRS 224A.110, 224A.112, and 224A.1121;

(13) "Census block" means the smallest geographic unit used by the United States Census Bureau that is reported on the Federal Communications Commission (FCC) Form 477 relating to fixed broadband deployment data;

(7)(14) "Community flood damage abatement project" means any structural or nonstructural study, plan, design, construction, development, improvement, or other activity to provide for flood control;

(8)(15) "Construction" means and includes but is not limited to:

(a) Preliminary planning to determine the economic and engineering feasibility of infrastructure projects, the engineering, architectural, legal, fiscal, and economic investigations, and studies necessary thereto, and surveys, designs, plans, working drawings, specifications, procedures, and other actions necessary to the construction of infrastructure or solid waste projects;

(b) The erection, building, acquisition, alteration, remodeling, improvement, or extension of infrastructure or solid waste projects; and

(c) The inspection and supervision of the construction of infrastructure or solid waste projects and all costs incidental to the acquisition and financing of same. This term shall also relate to and mean any other physical devices or appurtenances in connection with, or reasonably attendant to, infrastructure or solid waste projects;
"Dams" means any artificial barrier, including appurtenant works, which does
or can impound or divert water, and which either:
(a) Is or will be twenty-five (25) feet or more in height from the natural bed of the
stream or watercourse at the downstream toe of the barrier, as determined by
the Energy and Environment Cabinet; or
(b) Has or will have an impounding capacity at maximum water storage elevation
of fifty (50) acre feet or more;
"Distribution facilities" means all or any part of any facilities, devices, and
systems used and useful in obtaining, pumping, storing, treating, and distributing
water for agricultural, industrial, commercial, recreational, public, and domestic
use;
"Energy and Environment Cabinet" means the Kentucky Energy and
Environment Cabinet, or its successor, said term being meant to relate specifically
to the state agency which is designated as the water pollution agency for the
Commonwealth of Kentucky, for purposes of the federal act;
"Federal act" means the Federal Clean Water Act (33 U.S.C. secs. 1251 et
seq.) as said federal act may be amended from time to time in the future, or any
other enactment of the United States Congress providing funds that may assist in
carrying out the purposes of the authority;
"Federally assisted wastewater revolving fund" means that fund which will
receive federal and state funds or the proceeds from the sale of revenue bonds of the
authority for the purpose of providing loans to finance construction of publicly
owned treatment works as defined in Section 212 of the federal act and for the
implementation of a management program established under Section 319 of the
federal act and for the development and implementation of a conservation and
management plan under Section 320 of the federal act;
"Governmental agency" means any incorporated city or municipal corporation,
or other agency, or unit of government within or a department or a cabinet of the
Commonwealth of Kentucky, now having or hereafter granted, the authority and
power to finance, acquire, construct, or operate infrastructure or solid waste
projects. This definition shall specifically apply but not by way of limitation to
incorporated cities; counties, including any counties containing a metropolitan
sewer district; sanitation districts; water districts; water associations if these
associations are permitted to issue interest-bearing obligations which interest would
be excludable from gross income under Section 103 of the Internal Revenue Code
of 1986 as amended; sewer construction districts; metropolitan sewer districts;
sanitation taxing districts; a regional wastewater commission established under
KRS 65.8901 to 65.8923; and any other agencies, commissions, districts, or
authorities (either acting alone, or in combination with one another in accordance
with any regional or area compact, or intergovernmental cooperative agreements),
now or hereafter established in accordance with the laws of the Commonwealth of
Kentucky having and possessing the described powers described in this subsection;

"Industrial waste" means any liquid, gaseous, or solid waste substances
resulting from any process of industry, manufacture, trade, or business, or from the
mining or taking, development, processing, or recovery of any natural resources,
including heat and radioactivity, together with any sewage as is present therein,
which pollutes the waters of the state, and specifically, but not by way of limitation,
means heat or thermal differentials created in the waters of the state by any
industrial processing, generating, or manufacturing processes;

"Infrastructure project" means any construction or acquisition of treatment
works, facilities related to the collection, transportation, and treatment of
wastewater as defined in KRS 65.8903, distribution facilities, or water resources
projects instituted by a governmental agency or an investor-owned water utility
which is approved by the authority and, if required, by the Energy and Environment
Cabinet, Public Service Commission, or other agency; solid waste projects; dams; storm water control and treatment systems; gas or electric utility; broadband deployment project; or any other public utility or public service project which the authority finds would assist in carrying out the purposes set out in KRS 224A.300;

"Infrastructure revolving fund" means that fund which will receive state funds, the proceeds from the sale of revenue bonds of the authority or other moneys earmarked for that fund for the purpose of providing loans or grants to finance construction or acquisition of infrastructure projects as defined in this section;

"Loan or grant" means moneys to be made available to governmental agencies by the authority for the purpose of defraying all or any part of the total costs incidental to construction or acquisition of any infrastructure project;

"Market interest rate" means the interest rate determined by the authority under existing market conditions at the time the authority shall provide financial assistance to a governmental agency;

"Obligation of a governmental agency" means a revenue bond, bond anticipation note, revenue anticipation note, lease, or other obligation issued by a governmental agency under KRS 58.010 et seq. or other applicable statutes;

"Person" means any individual, firm, partnership, association, corporation, or governmental agency;

"Pollution" means the placing of any noxious or deleterious substances ("pollutants"), including sewage and industrial wastes, in any waters of the state or affecting the properties of any waters of the state in a manner which renders the waters harmful or inimical to the public health or to animal or aquatic life, or to the use, present or future, of these waters for domestic water supply, industrial or agricultural purposes, or recreational purposes;

"Prioritization schedules" means the list of wastewater treatment works, distribution facilities and water resources projects which the Energy and
Environment Cabinet has evaluated and determined to be of priority for receiving financial assistance from the federally assisted wastewater revolving fund and the federally assisted drinking water revolving fund, or the list of infrastructure projects which the authority has evaluated and determined to be of priority for receiving financial aid from the infrastructure revolving fund. The evaluation by the authority of infrastructure projects for water systems shall be undertaken with input from the appropriate area development district;

(24)[(31)] "Recovered material" means those materials which have known current use, reuse, or recycling potential, which can be feasibly used, reused, or recycled, and which have been diverted or removed from the solid waste stream for sale, use, reuse, or recycling, whether or not requiring subsequent separation and processing but does not include materials diverted or removed for purposes of energy recovery or combustion except refuse-derived fuel (RDF), which shall be credited as a recovered material in an amount equal to that percentage of the municipal solid waste received on a daily basis at the processing facility and processed into RDF; but not to exceed fifteen percent (15%) of the total amount of the municipal solid waste received at the processing facility on a daily basis;

(25)[(32)] "Recovered material processing facility" means a facility engaged solely in the storage, processing, and resale or reuse of recovered material but does not mean a solid waste facility if solid waste generated by a recovered material processing facility is managed in accordance with KRS Chapter 224 and administrative regulations adopted by the cabinet;

(26)[(33)] "Revenue bonds" means special obligation bonds issued by the authority as provided by the provisions of this chapter, which are not direct or general obligations of the state, and which are payable only from a pledge of, and lien upon, authority revenues as provided in the resolution authorizing the issuance of the bonds, and shall include revenue bond anticipation notes;
"Service charge" means any monthly, quarterly, semiannual, or annual charge

to be imposed by a governmental agency, or by the authority, for any infrastructure

project financed by the authority, which service charge arises by reason of the

existence of, and requirements of, any assistance agreement;

"Sewage" means any of the waste products or excrements, or other discharges

from the bodies of human beings or animals, which pollute the waters of the state;

"Shapefile" means a file format for storing, depicting, and analyzing geospatial data

showing broadband coverage;

"Solid waste" means "solid waste" as defined by KRS 224.1-010(30)(a);

"Solid waste facility" means any facility for collection, handling, storage,

transportation, transfer, processing, treatment, or disposal of solid waste, whether

the facility is associated with facilities generating the waste or otherwise, but does

not include a container located on property where the waste is generated and which

is used solely for the purpose of collection and temporary storage of that solid waste

prior to off-site disposal, or a recovered material processing facility;

"Solid waste project" means construction, renovation, or acquisition of a solid

waste facility which shall be instituted and owned by a governmental agency;

"Solid waste revolving fund" means that fund which shall receive state funds,

the proceeds from the sale of revenue bonds of the authority, or other moneys

earmarked for the purpose of providing loans or grants to finance solid waste

projects defined in this section;

"State" means the Commonwealth of Kentucky;

"System" means the system owned and operated by a governmental agency

with respect to solid waste projects, treatment works, or infrastructure projects

financed as provided by the assistance agreement between the governmental agency

and the authority;

"Treatment works" or "wastewater treatment works" means all or any part of
any facilities, devices, and systems used and useful in the storage, treatment, recycling, and reclamation of wastewater or the abatement of pollution, including facilities for the treatment, neutralization, disposal of, stabilization, collecting, segregating, or holding of wastewater, including without limiting the generality of the foregoing, intercepting sewers, outfall sewers, pumping power stations, and other equipment and their appurtenances; extensions, improvements, remodeling, additions, and alterations thereof, and any wastewater treatment works, including site acquisition of the land that will be an integral part of the wastewater treatment process, or is used for ultimate disposal of residues resulting from wastewater treatment, together with any other facilities which are deemed to be treatment works in accordance with the federal act;

{(44) "Underserved area" means any project area where fixed, terrestrial broadband service with a minimum twenty-five (25) megabits per second downstream and three (3) megabits per second upstream is not available;}

{(45) "Unserved area" means any project area where fixed, terrestrial broadband service with a minimum ten (10) megabits per second downstream and one (1) megabit per second upstream is not available;}

{(36)"Utility tax" means the tax which may be imposed by the authority on every purchase of water or sewer service in the Commonwealth of Kentucky;}

{(37)"Variable rate revenue bonds" means revenue bonds the rate of interest on which fluctuates either automatically by reference to a predetermined formula or index or in accordance with the standards set forth in KRS 224A.120;}

{(38)"Wastewater" means any water or liquid substance containing sewage, industrial waste, or other pollutants or contaminants derived from the prior use of these waters;

{(39)"Water resources" means all waters of the state occurring on the surface, in natural or artificial channels, lakes, reservoirs, or impoundments, and in subsurface
aquifers, which are available, or which may be made available to agricultural, industrial, commercial, recreational, public, and domestic users;

(40) "Water resources project" means any structural or nonstructural study, plan, design, construction, development, improvement, or any other activity including programs for management, intended to conserve and develop the water resources of the state and shall include all aspects of water supply, facilities to collect, transport, and treat wastewater as defined in KRS 65.8903, flood damage abatement, navigation, water-related recreation, and land conservation facilities and measures; and

(41) "Waters of the state" means all streams, lakes, watercourses, waterways, ponds, marshes, wells, springs, irrigation systems, drainage systems, and all other bodies or accumulations of water, surface and underground, natural or artificial, which are situated wholly or partly within, or border upon, this state, or are within its jurisdiction, except those private waters which do not combine or effect a junction with natural, surface, or underground waters.

Section 7. KRS 224A.110 is amended to read as follows:

(1) All moneys derived by the authority pursuant to assistance agreements other than those assistance agreements funded under KRS 224A.111 and 224A.112 and 224A.1121 shall be received by the authority as constituting authority revenues, and shall, in common with other authority revenues, be immediately deposited into such funds or accounts as the authority shall designate.

(2) Moneys derived by the authority pursuant to assistance agreements funded under KRS 224A.111 and all federal and state money or proceeds from the sale of revenue bonds of the authority received in support of assistance agreements funded under KRS 224A.111 shall be deposited into an account designated as the "federally assisted wastewater revolving fund."

(3) Moneys derived by the authority pursuant to assistance agreements funded under
KRS 224A.112 and all state money or proceeds from the sale of revenue bonds of the authority received in support of KRS 224A.112 shall be deposited into [either the infrastructure revolving fund or the broadband deployment fund].

(4) All authority revenues shall, before being expended for any other purposes of the authority, first be applied to the payment of the principal of and interest on authority revenue bonds in accordance with the resolution authorizing their issuance, as, and when the same become due and payable.

Section 8. KRS 224A.112 is amended to read as follows:

(1) The infrastructure revolving fund shall be established in the State Treasury and shall be administered by the authority. The fund shall be a dedicated fund, and all moneys in the fund shall be allocated and dedicated solely to providing financial assistance to governmental agencies, and investor-owned water systems as provided for in KRS 96.540, 224A.306, 224A.308, and 224A.310, for the construction or acquisition of infrastructure projects through an account designated as the 2020 water service account.

(2) The broadband deployment fund shall be established in the State Treasury and shall be administered by the authority. The fund shall be a dedicated fund, and all moneys in the fund shall be allocated and dedicated solely to providing grant funds to governmental agencies and private sector entities to construct infrastructure for the deployment of broadband service to households and businesses in underserved or unserved areas of the Commonwealth through an account designated as the broadband deployment fund.

(3) Funds in subsections (1) and (2) of this section shall not be commingled and shall be used only for the stated purposes in subsections (1) and (2) of this section.

(4) The financial assistance which may be provided by the revolving fund shall be limited to:

(a) Making loans, on the condition that the loans are made at or below market
interest rates, including interest free loans, at terms not to exceed thirty (30) years and that the fund will be credited with all payments of principal and interest on all loans;

(b) Purchasing or guaranteeing, or purchasing insurance for, local or state obligations when the action would improve credit market access or reduce interest rates;

c) Providing a source of revenue or security for the payment of principal and interest on bonds or notes issued by the authority or other agencies of the state if the proceeds of the sale of the bonds will be deposited in the fund;

d) Providing moneys with which to carry out the requirements of assistance agreements; and

e) Making grants as funds specifically appropriated for grants or proceeds from the sale of the authority's revenue bonds are available.

(3) The revolving fund shall be established, maintained, and credited with repayments and the fund balance shall be available in perpetuity for its stated purposes.

(4) The authority may provide financial assistance from the fund to supplement assistance provided from the federally assisted wastewater revolving fund as created in KRS 224A.111.

(5) The authority shall advise governmental agencies of the availability of the infrastructure revolving fund and how moneys may be obtained from the fund.

(6) The authority may enter into any necessary or required agreement with federal or state agencies or persons to carry out the provisions of this section. All state agencies shall cooperate with the authority and share information with the authority as appropriate to accomplish the purposes set out in KRS 224A.300.

(7) Moneys in the fund are hereby appropriated for the purposes set forth in this section [and KRS 224A.1121].
Notwithstanding KRS 45.229, any moneys remaining in the fund at the close of the fiscal year shall not lapse but shall be carried forward into the succeeding fiscal year to be used for the purposes set forth in this section and KRS 224A.1121.

Interest earned on moneys in the broadband deployment fund shall stay in the fund.

Section 9. KRS 154.15-020 is amended to read as follows:

(1) The Kentucky Communications Network Authority is established and shall be attached to the Office of the Governor. The authority shall be headed by an executive director who shall be hired by the board and approved by the Governor.

(2) Notwithstanding KRS 42.726 and Section 3 of this Act, the duties of the authority shall be to:

(a) Oversee and maintain KentuckyWired, the Commonwealth's open-access broadband network;

(b) Manage the master agreement establishing the public-private partnership between the Commonwealth and its private industry partner or partners. The purpose of the agreement is to design, engineer, build, operate, maintain, and upgrade the network;

(c) Provide network connectivity to public agencies;

(d) Offer access to entities eligible to utilize excess capacity on the network;

(e) Manage other aspects of the network and its utilization through the executive director and with oversight and input from the board established in KRS 154.15-030 and the advisory group established in this section;

(f) Promulgate administrative regulations pursuant to KRS Chapter 13A necessary to implement the purposes of this subchapter;

(g) Enter into contracts with public and private entities to carry out its duties and responsibilities. A contract or other agreement involving the acquisition or disposition of a property interest by the Commonwealth shall be signed by the secretary of the Finance and Administration Cabinet. KRS Chapters 45A and
(h) Provide program management services ensuring the financial viability of the master agreement and related contracts and agreements, including grant administration, contract compliance and oversight, community planning support, and constituent services;

(i) Seek out, secure, and manage funding sources for the network; and

(j) Create an advisory group, including major stakeholders, to provide input and feedback on issues important to the user community and to the long-term sustainability of the project and the network. The advisory group shall be administratively attached to and managed by the authority. The advisory group shall include but not be limited to representatives of:

1. The Department of Education;
2. The Council on Postsecondary Education;
3. The Cabinet for Economic Development;
4. The Cabinet for Health and Family Services;
5. The Transportation Cabinet;
6. The Justice and Public Safety Cabinet;
7. The Finance and Administration Cabinet;
8. The Administrative Office of the Courts;
9. The Legislative Research Commission;
10. Institutions of higher education;
11. Local government entities;
12. Libraries;
13. Public health care institutions or agencies;
14. Kentucky Educational Television; and
15. Others whose input will benefit the network.

(3) With the approval of the board, the executive director may hire additional officers
and other personnel necessary for the proper functioning of the authority, fix their
salaries, and prescribe their duties. The executive director and persons employed by
the authority shall not be subject to the provisions of KRS Chapter 18A.

(4) (a) With the approval of the board, the executive director may make, execute, and
effectuate contracts, leveraging future revenues from provision of
government-to-government services and sale or lease of excess capacity, to
incur debt in the name of the authority and enter into financing agreements
with the Commonwealth, agencies of the Commonwealth, lending
institutions, investors, or investing entities.

(b) The total amount of debt or financing under this subsection shall not exceed
one hundred ten million dollars ($110,000,000), and shall not leverage any
future revenues committed to the repayment of any other debt, or expected to
be used for the repayment of any other debt, as of the time the debt or
financing is entered into.

(c) Any proposed debt or financing under this subsection shall be submitted to the
Capital Projects and Bond Oversight Committee for review at least fourteen
(14) days prior to the committee meeting.

(d) If any debt or financing is incurred under this subsection, the authority shall
provide to the Legislative Research Commission:

1. Within thirty (30) days of entering into a debt or financing agreement, a
copy of the agreement; and

2. On January 1, April 1, July 1, and October 1 of each year that the debt or
financing is outstanding:

   a. The amount of principal and interest remaining on the debt or
      financing;

   b. The use to which the capital gained from the debt or financing has
      been put; and
c. Any amendments, if any, to the original debt or financing instruments or agreements.

(5) The authority shall not seek, apply for, secure, or accept federal funds without first obtaining written permission from the Office of Innovation within the Kentucky Department of Agriculture.

Section 10. KRS 18A.115 is amended to read as follows:

(1) The classified service to which KRS 18A.005 to 18A.200 shall apply shall comprise all positions in the state service now existing or hereafter established, except the following:

(a) The General Assembly and employees of the General Assembly, including the employees of the Legislative Research Commission;

(b) Officers elected by popular vote and persons appointed to fill vacancies in elective offices;

(c) Members of boards and commissions;

(d) Officers and employees on the staff of the Governor, the Lieutenant Governor, the Office of the Secretary of the Governor's Cabinet, and the Office of Program Administration;

(e) Cabinet secretaries, commissioners, office heads, and the administrative heads of all boards and commissions, including the executive director of Kentucky Educational Television and the executive director and deputy executive director of the Education Professional Standards Board;

(f) Employees of Kentucky Educational Television who have been determined to be exempt from classified service by the Kentucky Authority for Educational Television, which shall have sole authority over such exempt employees for employment, dismissal, and setting of compensation, up to the maximum established for the executive director and his principal assistants;

(g) One (1) principal assistant or deputy for each person exempted under
subsection (1)(e) of this section;

(h) One (1) additional principal assistant or deputy as may be necessary for
making and carrying out policy for each person exempted under subsection
(1)(e) of this section in those instances in which the nature of the functions,
size, or complexity of the unit involved are such that the secretary approves
such an addition on petition of the relevant cabinet secretary or department
head and such other principal assistants, deputies, or other major assistants as
may be necessary for making and carrying out policy for each person
exempted under subsection (1)(e) of this section in those instances in which
the nature of the functions, size, or complexity of the unit involved are such
that the board may approve such an addition or additions on petition of the
department head approved by the secretary. Effective August 1, 2010:

1. All positions approved under this paragraph prior to August 1, 2010,
shall be abolished effective December 31, 2010, unless reapproved
under subparagraph 2. of this paragraph; and

2. A position approved under this paragraph on or after August 1, 2010,
shall be approved for a period of five (5) years, after which time the
position shall be abolished unless reapproved under this subparagraph
for an additional five (5) year period;

(i) Division directors subject to the provisions of KRS 18A.170. Division
directors in the classified service as of January 1, 1980, shall remain in the
classified service;

(j) Physicians employed as such;

(k) One (1) private secretary for each person exempted under subsection (1)(e),
(g), and (h) of this section;

(l) The judicial department, referees, receivers, jurors, and notaries public;

(m) Officers and members of the staffs of state universities and colleges and
student employees of such institutions; officers and employees of the Teachers' Retirement System; and officers, teachers, and employees of local boards of education;

(n) Patients or inmates employed in state institutions;

(o) Persons employed in a professional or scientific capacity to make or conduct a temporary or special inquiry, investigation, or examination on behalf of the General Assembly, or a committee thereof, or by authority of the Governor, and persons employed by state agencies for a specified, limited period to provide professional, technical, scientific, or artistic services under the provisions of KRS 45A.690 to 45A.725;

(p) Interim employees;

(q) Officers and members of the state militia;

(r) Department of Kentucky State Police troopers;

(s) University or college engineering students or other students employed part-time or part-year by the state through special personnel recruitment programs; provided that while so employed such aides shall be under contract to work full-time for the state after graduation for a period of time approved by the commissioner or shall be participants in a cooperative education program approved by the commissioner;

(t) Superintendents of state mental institutions, including heads of centers for individuals with an intellectual disability, and penal and correctional institutions as referred to in KRS 196.180(2);

(u) Staff members of the Kentucky Historical Society, if they are hired in accordance with KRS 171.311;

(v) County and Commonwealth's attorneys and their respective appointees;

(w) Chief district engineers and the state highway engineer;

(x) Veterinarians employed as such by the Kentucky Horse Racing Commission;
(y) Employees of the Kentucky Peace Corps;
(z) Employees of the Council on Postsecondary Education;
(aa) Executive director of the Commonwealth Office of Technology;
(ab) Employees of Serve Kentucky;
(ac) Persons employed in certified teaching positions at the Kentucky School for the Blind and the Kentucky School for the Deaf; and
(ad) Federally funded time-limited employees as defined in KRS 18A.005; and
(ae) Employees of the Office of Innovation in the Kentucky Department of Agriculture.

(2) Nothing in KRS 18A.005 to 18A.200 is intended, or shall be construed, to alter or amend the provisions of KRS 150.022 and 150.061.

(3) Nothing in KRS 18A.005 to 18A.200 is intended or shall be construed to affect any nonmanagement, nonpolicy-making position which must be included in the classified service as a prerequisite to the grant of federal funds to a state agency.

(4) Career employees within the classified service promoted to positions exempted from classified service shall, upon termination of their employment in the exempted service, revert to a position in that class in the agency from which they were terminated if a vacancy in that class exists. If no such vacancy exists, they shall be considered for employment in any vacant position for which they were qualified pursuant to KRS 18A.130 and 18A.135.

(5) Nothing in KRS 18A.005 to 18A.200 shall be construed as precluding appointing officers from filling unclassified positions in the manner in which positions in the classified service are filled except as otherwise provided in KRS 18A.005 to 18A.200.

(6) The positions of employees who are transferred, effective July 1, 1998, from the Cabinet for Workforce Development to the Kentucky Community and Technical College System shall be abolished and the employees' names removed from the
roster of state employees. Employees that are transferred, effective July 1, 1998, to
the Kentucky Community and Technical College System under KRS Chapter 164
shall have the same benefits and rights as they had under KRS Chapter 18A and
have under KRS 164.5805; however, they shall have no guaranteed reemployment
rights in the KRS Chapter 151B or KRS Chapter 18A personnel systems. An
employee who seeks reemployment in a state position under KRS Chapter 151B or
KRS Chapter 18A shall have years of service in the Kentucky Community and
Technical College System counted towards years of experience for calculating
benefits and compensation.

(7) On August 15, 2000, all certified and equivalent personnel, all unclassified
personnel, and all certified and equivalent and unclassified vacant positions in the
Department for Adult Education and Literacy shall be transferred from the
personnel system under KRS Chapter 151B to the personnel system under KRS
Chapter 18A. The positions shall be deleted from the KRS Chapter 151B personnel
system. All records shall be transferred including accumulated annual leave, sick
leave, compensatory time, and service credit for each affected employee. The
personnel officers who administer the personnel systems under KRS Chapter 151B
and KRS Chapter 18A shall exercise the necessary administrative procedures to
effect the change in personnel authority. No certified or equivalent employee in the
Department for Adult Education and Literacy shall suffer any penalty in the
transfer.

(8) On August 15, 2000, secretaries and assistants attached to policymaking positions
in the Department for Technical Education and the Department for Adult Education
and Literacy shall be transferred from the personnel system under KRS Chapter
151B to the personnel system under KRS Chapter 18A. The positions shall be
deleted from the KRS Chapter 151B system. All records shall be transferred
including accumulated annual leave, sick leave, compensatory time, and service
credit for each affected employee. No employee shall suffer any penalty in the transfer.

(9) On May 1, 2017, all contract employees of Eastern Kentucky University who are engaged in providing instructional and support services to the Department of Criminal Justice Training shall be transferred to the personnel system under KRS Chapter 18A. All records shall be transferred, including accumulated annual leave, sick leave, compensatory time, and service credit for each affected employee. The personnel officers who administer the personnel systems for Eastern Kentucky University and under KRS Chapter 18A shall exercise the necessary administrative procedures to effect the change in personnel authority. No employee shall suffer any penalty in the transfer.

⇒Section 11. Upon the effective date of this Act, the affairs of the Kentucky Infrastructure Authority that pertain to broadband and the broadband deployment fund as set forth in KRS 224A.112 and the former 224A.1121 shall be concluded, and the Kentucky Department of Agriculture shall organize itself to manage the administrative affairs of the broadband and the broadband deployment fund. Any records, files, and documents associated with the activities of the Kentucky Infrastructure Authority that pertain to broadband and the broadband deployment fund shall be transferred to the Department of Agriculture. Any records, files, documents, equipment, staff, supporting budgets, and any and all unexpended funds associated with the activities of the Kentucky Infrastructure Authority that pertain to broadband and the broadband deployment fund shall be transferred to the Department of Agriculture. All administrative regulations, decisions, and actions promulgated, made, or taken by the Kentucky Infrastructure Authority that pertain to broadband and the broadband deployment fund that have not been repealed or rescinded shall continue in effect after the effective date of this Act.