

1 AN ACT relating to the regional development agency assistance fund.

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

3 ➔Section 1. KRS 96.895 is amended to read as follows:

4 (1) As used in this section, unless the context requires otherwise:

5 (a) "Book value" means original cost unadjusted for depreciation as reflected in  
6 the TVA's books of account;

7 (b) "Fund" means the regional development agency assistance fund established in  
8 subsection (4) of this section;

9 (c) "Fund-eligible county" means one (1) of Adair, Allen, Ballard, Barren,  
10 Bell, Butler, Caldwell, Calloway, Carlisle, Christian, Clinton,  
11 Cumberland, Edmonson, Fulton, Graves, Grayson, Harlan, Hart,  
12 Henderson, Hickman, Livingston, Logan, Lyon, Marshall, McCracken,  
13 McCreary, Metcalfe, Monroe, Muhlenberg, Ohio, Russell, Simpson,  
14 Todd, Trigg, Union, Warren, Wayne, Webster, or Whitley Counties;

15 (d) "Regional development agency" or "agency" means a local industrial  
16 development authority established under KRS 154.50-301 to 154.50-346  
17 that is designated by a fiscal court to receive a payment pursuant to this  
18 section;

19 (e) "TVA" means the Tennessee Valley Authority; and

20 (f) "TVA property" means land owned by the United States and in the  
21 custody of the TVA, together with improvements that have a fixed situs  
22 on the land, including work in progress but excluding temporary  
23 construction facilities, if these improvements either:

24 1. Were in existence when title to the land on which they are situated was  
25 acquired by the United States; or

26 2. Are allocated by the TVA or determined by it to be allocable to power.  
27 However, manufacturing machinery as interpreted by the Department of

1 Revenue for franchise tax determination; ash disposal systems; and coal  
2 handling facilities, including railroads, cranes and hoists, and crushing  
3 and conveying equipment, shall be excluded.

4 (2) Book value shall be determined, for purposes of applying this section, as of the June  
5 30 used by the TVA in computing the annual payment to the Commonwealth that is  
6 subject to redistribution by the Commonwealth.

7 (3) Except for payments made directly by the TVA to counties, the total fiscal year  
8 payment received by the Commonwealth of Kentucky from the TVA, as authorized  
9 by Section 13 of the Tennessee Valley Authority Act, as amended, shall be prorated  
10 thirty percent (30%) to the general fund of the Commonwealth and seventy percent  
11 (70%) among counties, cities, and school districts, as provided in subsections (6)  
12 and (7) of this section.

13 (4) (a) The regional development agency assistance fund is hereby established in the  
14 State Treasury.

15 (b) The fund shall be administered by the Department for Local Government for  
16 the purpose of providing funding to agencies that are designated to receive  
17 funding in a given fiscal year by the fiscal court of each fund-eligible county  
18 through the Regional Development Agency Assistance Program established in  
19 KRS 96.905.

20 (c) The fund shall only receive the moneys transferred from the general fund  
21 pursuant to subsection (5) of this section.

22 (d) Notwithstanding KRS 45.229, any moneys remaining in the fund at the close  
23 of the fiscal year shall not lapse but shall be carried forward into the  
24 succeeding fiscal year. Any interest earnings of the fund shall become a part  
25 of the fund and shall not lapse.

26 (5) (a) For fiscal years beginning on or after July 1, ~~2020~~<sup>2018</sup>, a portion of the total  
27 fiscal year payment received by the Commonwealth that is allocated to the

1           general fund shall be transferred from the general fund to the regional  
2           development agency assistance fund established in subsection (4) of this  
3           section.

4           **(b)** This portion shall be equal to:

5           ~~(a) In fiscal year 2018-2019, two million dollars (\$2,000,000);~~

6           ~~(b) In fiscal year 2019-2020, four million dollars (\$4,000,000); and~~

7           ~~(c) In each fiscal year, beginning with the 2020-2021 fiscal year,~~ six million  
8           dollars (\$6,000,000).

9           **(c) Distribution of these moneys shall be made by dividing the amount in**  
10           **paragraph (b) of this subsection equally among each fund-eligible county.**

11          (6) The payment to each county, city, and school district shall be determined by the  
12          proportion that the book value of TVA property in such taxing district, multiplied  
13          by the current tax rate, bears to the total of the book values of TVA property in all  
14          such taxing districts in the Commonwealth, multiplied by their respective tax rates.  
15          However, for purposes of this calculation, each public school district shall have its  
16          tax rate increased by thirty cents (\$0.30).

17          (7) **(a)** As soon as practicable after the amount of payment to be made to the  
18          Commonwealth is finally determined by the TVA, the Department of Revenue  
19          shall determine the book value of TVA property in each county, city, and  
20          school district and shall prorate the payments allocated to counties, cities, and  
21          school districts under subsection (3) of this section among the distributees as  
22          provided in subsection (6) of this section.

23          **(b)** The Department of Revenue shall:

24               **1.** Certify the payment due each **county, city, and school district,**  
25               **including the amount distributed to the county under subsection (5) of**  
26               **this section**~~[taxing district]~~ to the Finance and Administration Cabinet;  
27               **and**

1                    **2. Notify the Department for Local Government of that certification.**

2                    **(c) Upon certification by the Department of Revenue, the Finance and**  
 3                    **Administration Cabinet**~~[ which ]~~ shall make the payment to such district.

4                    (8) In each fiscal year, after the Department of Revenue has calculated the prorated  
 5                    payment amount that is due to each county, **city, and school district under**  
 6                    **subsections (6) and**~~[ pursuant to subsection ]~~ (7) of this section, the Department for  
 7                    Local Government shall **notify in writing**~~[ then make a written request to ]~~ the fiscal  
 8                    court of each fund-eligible county **regarding the amount that the county, city, and**  
 9                    **school district shall receive for the fiscal year, including the amount distributed**  
 10                    **to the county under subsection (5) of this section**~~[ for the name and address of the~~  
 11                    ~~agency the fiscal court designates to receive a payment from the fund pursuant to~~  
 12                    ~~subsection (5) of this section ]~~.

13                    (9) ~~[ Within sixty (60) days of the date of the Department for Local Government's~~  
 14                    ~~request, each fiscal court shall designate in writing one (1) agency that shall receive~~  
 15                    ~~a share of the total amount of funds transferred to the fund in that fiscal year~~  
 16                    ~~pursuant to subsection (5) of this section. Each agency's share shall be calculated as~~  
 17                    ~~the total amount of funds transferred to the fund in that fiscal year divided by the~~  
 18                    ~~total number of agencies designated to receive funds by fiscal courts of fund-~~  
 19                    ~~eligible counties. Once the amount is determined by the Department for Local~~  
 20                    ~~Government, the payment shall be paid by the Finance and Administration Cabinet~~  
 21                    ~~directly to the designated agency. ]~~ No amount shall be taken from the fund to pay  
 22                    administrative expenses by the Department for Local Government.

23                    (10) ~~[ If a fiscal court does not respond to the Department for Local Government within~~  
 24                    ~~sixty (60) days of the date of the Department for Local Government's request, the~~  
 25                    ~~payment otherwise due to an agency designated by that fiscal court shall be~~  
 26                    ~~reallocated equally among the agencies that have been designated to receive~~  
 27                    ~~payments by the other fiscal courts.~~

1 ~~(11)~~ All agencies receiving funds under this section shall provide a written report  
 2 annually, no later than October 1, to the fiscal court that designated it for payment  
 3 and to the Interim Joint Committee on Appropriations and Revenue. The report  
 4 shall describe how the funds were expended and the results of the use of funds in  
 5 terms of economic development and job creation.}

6 ~~(12) This section shall be applicable to all payments received after April 10, 2018, from  
 7 the TVA under Section 13 of the Tennessee Valley Authority Act as amended.}~~

8 ➔Section 2. KRS 96.905 is amended to read as follows:

9 (1) A Regional Development Agency Assistance Program is established to consist of a  
 10 system of grants to agencies designated by fiscal courts of counties designated in  
 11 KRS 96.895. Grants shall be administered by the Department for Local  
 12 Government.

13 (2) (a) Grants obtained under this program shall be used for:

- 14 1. Economic development and job creation activities~~[that the agency is~~  
 15 ~~empowered to undertake in that county];~~
- 16 2. Acquiring federal, state, or private matching funds to the extent  
 17 possible; and
- 18 3. Debt service for approved projects;

19 **that the agency is empowered to undertake in that county.**

20 (b) Grants obtained under this program shall not be used for:

- 21 **1.** Salaries;~~[or]~~
- 22 **2.** Consulting fees; **or**
- 23 **3. Operational expenses.**

24 (3) Applications for grants from funds provided for in KRS 96.895 shall:

25 **(a)** Be made by the legislative bodies of one (1) or more counties entitled to  
 26 receive money from the regional development agency assistance fund;

27 **(b) Include any recipient agency as a co-applicant on the application; and**

1            (c) Include a concurrence letter from each legislative body entitled to receive  
2            money.

- 3        (4) The Department for Local Government shall review and approve grant applications  
4            from counties for agencies that operate in, or serve the interest of, the county whose  
5            fiscal court designated it to receive funding. Multiple counties may also submit a  
6            joint application requesting that part of their allotted funds be directed to an agency  
7            for a project that affects the counties.
- 8        (5) By October 1 of each year, the commissioner of the Department for Local  
9            Government shall provide, in writing, to each the Governor and the Legislative  
10           Research Commission a listing of all applications for grants received pursuant to  
11           this section since the last report, a listing of all grants awarded, the amount of the  
12           award, the recipient agency, and the related project.
- 13       (6) The Department for Local Government shall require that any funds granted under  
14           this section include an agreement that the recipient agency shall certify that the  
15           funds were expended for the purpose intended. The department shall determine  
16           whether the certification should be an independent annual audit or an internal  
17           certification, taking into account the size of the agency and the financial burden an  
18           independent annual audit may impose on the agency. In the case of an independent  
19           annual audit, the audit report shall include a certification that the funds were  
20           expended for the purpose intended. A copy of the audit or certification of  
21           compliance shall be forwarded to the Department for Local Government within  
22           eighteen (18) months after the end of the fiscal year.