

1 AN ACT relating to local government.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 211 IS CREATED TO
4 READ AS FOLLOWS:

5 *(1) For the purposes of this section, "splash pad" means an artificially constructed*
6 *public recreation area for water play over which water is sprayed but is not*
7 *allowed to pool.*

8 *(2) The Cabinet for Health and Family Services shall promulgate administrative*
9 *regulations pursuant to KRS 211.180 and KRS Chapter 13A to set out standards*
10 *for the operation and maintenance of splash pads operated by local governments*
11 *to ensure they are maintained in a safe, sanitary manner to protect public health*
12 *and to distinguish the operation and maintenance of splash pads from the*
13 *operation and maintenance of swimming pools. The administrative regulations*
14 *shall include but not be limited to the following:*

15 *(a) Requiring that water in splash pads, if recirculated, be chemically treated*
16 *and properly filtered and monitored; and*

17 *(b) Not requiring the following equipment to be provided:*

18 *1. Flow meters, if the water in the splash pad is not recirculated;*

19 *2. Ring buoys;*

20 *3. Life poles;*

21 *4. Shepherd's crooks;*

22 *5. Backboards;*

23 *6. Telephones;*

24 *7. Bathhouses;*

25 *8. Restrooms;*

26 *9. Drinking fountains;*

27 *10. First-aid kits;*

1 11. Lifeguards;

2 12. On-site attendants; and

3 13. Fences.

4 ➔Section 2. KRS 337.285 is amended to read as follows:

- 5 (1) No employer shall employ any of his employees for a work week longer than forty
6 (40) hours, unless such employee receives compensation for his employment in
7 excess of forty (40) hours in a work week at a rate of not less than one and one-half
8 (1-1/2) times the hourly wage rate at which he is employed.
- 9 (2) This provision shall not apply to the following:
- 10 (a) Employees of retail stores engaged in work connected with selling,
11 purchasing, and distributing merchandise, wares, goods, articles, or
12 commodities;
- 13 (b) Employees of restaurant, hotel, and motel operations;
- 14 (c) Employees as defined and exempted from the overtime provision of the Fair
15 Labor Standards Act in Sections 213(b)(1), 213(b)(6), 213(b)(10), and
16 213(b)(17) of Title 29, U.S.C.;
- 17 (d) Employees whose function is to provide twenty-four (24) hour residential care
18 on the employer's premises in a parental role to children who are primarily
19 dependent, neglected, and abused and who are in the care of private nonprofit
20 childcaring facilities licensed by the Cabinet for Health and Family Services
21 under KRS 199.640 to 199.670; or
- 22 (e) Any individual who is employed by a third-party employer or agency other
23 than the family or household using his or her services to provide in-home
24 companionship services for a sick, convalescing, or elderly person.
- 25 (3) As used in subsection (2) of this section, "companionship services" means those
26 services which provide in-home fellowship, care, and protection for a person who,
27 because of advanced age or physical or mental infirmity, cannot care for his or her

1 own needs. These services may include household work related to the care of the
2 aged or infirm person such as meal preparation, bed making, washing of clothes,
3 and other similar services. They may also include the performance of general
4 household work, provided that the household work is incidental, i.e., does not
5 exceed twenty percent (20%) of the total weekly hours worked. The term
6 "companionship services" does not include services relating to the care and
7 protection of the aged or infirm which require and are performed by trained
8 personnel, such as a registered or practical nurse.

9 (4) Notwithstanding the provisions of subsection (1) of this section or any other chapter
10 of the KRS to the contrary, upon written request by a county or city employee or a
11 Trooper R Class or CVE R Class, made freely and without coercion, pressure, or
12 suggestion by the employer, and upon a written agreement reached between the
13 employer and the county or city employee or the Trooper R Class or CVE R Class
14 before the performance of the work, a county or city employee or a Trooper R Class
15 or CVE R Class who is authorized to work one (1) or more hours in excess of the
16 prescribed hours per week may be granted compensatory leave on an hour-for-hour
17 basis. Upon the written request by a county or city employee or a Trooper R Class
18 or CVE R Class, made freely and without coercion, pressure, or suggestion by the
19 employer, and upon a written agreement reached between the employer and the
20 county or city employee or the Trooper R Class or CVE R Class, before the
21 performance of the work, a county or city employee or a Trooper R Class or CVE R
22 Class who is not exempt from the provisions of the Federal Fair Labor Standards
23 Act of 1938, as amended, 29 U.S.C. secs. 201 et seq., may be granted compensatory
24 time in lieu of overtime pay, at the rate of not less than one and one-half (1-1/2)
25 hours for each hour the county or city employee or the Trooper R Class or CVE R
26 Class is authorized to work in excess of forty (40) hours in a work week.

27 (5) (a) Upon the request of the county or city employee or the Trooper R Class or

1 CVE R Class, and as provided in subsection (4) of this section, compensatory
2 time shall be awarded as follows:

3 1. A county or city employee who provided work in excess of forty (40)
4 hours in a public safety activity, an emergency response activity, or a
5 seasonal activity as described in 29 C.F.R. sec. 553.24, may accrue not
6 more than four hundred eighty (480) hours of compensatory time; or

7 2. A county or city employee or a Trooper R Class or CVE R Class
8 engaged in other work in excess of forty (40) hours, may accrue not
9 more than two hundred forty (240) hours of compensatory time.

10 (b) A county or city employee or a Trooper R Class or CVE R Class who has
11 accrued four hundred eighty (480) hours of compensatory time off pursuant to
12 paragraph (a)1. of this subsection, or two hundred forty (240) hours of
13 compensatory time off pursuant to paragraph (a)2. of this subsection, shall for
14 additional overtime hours of work, be paid overtime compensation.

15 (6) A county or city employee or a Trooper R Class or CVE R Class who has accrued
16 compensatory time off as provided in subsection (4) of this section, and who
17 requested the use of compensatory time, shall be permitted by the employer to use
18 the compensatory time within a reasonable period after making the request if the use
19 of the compensatory time does not unduly disrupt the operations of the employer.
20 Mere inconvenience to the employer shall not constitute a sufficient basis for denial
21 of a county or city employee's request or a Trooper R Class or CVE R Class request
22 for compensatory time off.

23 (7) If compensation is paid to a county or city employee or a Trooper R Class or CVE R
24 Class for accrued compensatory time off, the compensation shall be paid at the
25 regular rate earned by the county or city employee or the Trooper R Class or CVE R
26 Class at the time the county or city employee or the Trooper R Class or CVE R
27 Class receives the payment.

- 1 (8) Upon a county or city employee's termination of employment or the termination of
2 employment of a Trooper R Class or CVE R Class, all unused accrued
3 compensatory time shall be paid at a rate of compensation not less than:
- 4 (a) The average regular rate received by the county or city employee or the
5 Trooper R Class or CVE R Class during the last three (3) years of the
6 employment of the county or city employee or Trooper R Class or CVE R
7 Class; or
- 8 (b) The final regular rate received by the county or city employee or Trooper R
9 Class or CVE R Class, whichever is higher.
- 10 (9) Compensatory time shall not be used as a means to avoid statutory overtime
11 compensation. A county or city employee or a Trooper R Class or CVE R Class
12 shall have the right to use compensatory time earned and shall not be coerced to
13 accept more compensatory time than an employer can realistically and in good faith
14 expect to be able to grant within a reasonable period upon the county or city
15 employee or the Trooper R Class or CVE R Class making the request for
16 compensatory time off.
- 17 (10) Nothing in subsections (4) to (9) of this section shall be construed to supersede any
18 collective bargaining agreement, memorandum of understanding, or any other
19 agreement between the employer and representative of the county or city employees
20 or the Trooper R Class or CVE R Class.
- 21 (11) As used in subsections (4) to (9) of this section:
- 22 (a) "County or city employee" means an employee of any county, city, charter
23 county, consolidated local government, unified local government, or urban-
24 county government, including an employee of a county or city elected official;
- 25 (b) "CVE R Class" has the same meaning as in KRS 16.010; and
- 26 (c) "Trooper R Class" has the same meaning as in KRS 16.010.
- 27 (12) In addition to the designation of a work week under subsection (1) of this section,

1 local governments, as defined in KRS 95A.210(5), may designate a work period for
2 professional firefighter employees as defined in KRS 95A.210. The designated
3 work period shall be not less than one (1) work week of seven (7) consecutive days
4 and not more than four (4) work weeks of twenty-eight (28) consecutive days for
5 purposes of complying with the requirements of the Federal Labor Standards Act of
6 1938, as amended, 29 U.S.C. secs. 201 et seq. This subsection shall not exempt
7 local governments from complying with the overtime requirements set forth in
8 subsection (1) of this section and is intended to:

- 9 (a) Clarify the option to designate both a work week for compliance with
10 Kentucky law and a work period for compliance with the Fair Labor Standards
11 Act of 1938, as amended, 29 U.S.C. secs. 201 et seq.; and
- 12 (b) Allow for the application of the partial exemption set forth in 29 U.S.C. sec.
13 207(k) in determining overtime pay under the Fair Labor Standards Act of
14 1938, as amended, 29 U.S.C. secs. 201 et seq., only.
- 15 (13) (a) A law enforcement department of a consolidated local government organized
16 under KRS Chapter 67C, **or a city of the home rule class**, shall not be deemed
17 to have violated subsection (1) of this section with respect to the employment
18 of a peace officer if:
- 19 1. The officer works eighty (80) hours or less in a work period of fourteen
20 (14) consecutive days; and
 - 21 2. **a. For a law enforcement department of a consolidated local**
22 **government organized under KRS Chapter 67C,** the law
23 enforcement department and a representative of a collective
24 bargaining unit certified under KRS 67C.408 that includes the
25 officer agree to the exception; **or**
26 **b. For a law enforcement department of a city of the home rule**
27 **class, the law enforcement department and a representative of a**

1 *collective bargaining unit recognized by the city to collectively*
 2 *bargain for the officer, if there is a collective bargaining unit,*
 3 *agree to the exception. If there is no collective bargaining unit*
 4 *representing the officer in a city of the home rule class, then only*
 5 *the requirement in subparagraph 1. of this paragraph must be*
 6 *met.*

7 (b) It is the intent of this subsection to allow the employment of a peace officer
 8 for longer than forty (40) hours in any seven (7) consecutive days within a
 9 fourteen (14) day work period without incurring the obligation to pay a rate of
 10 not less than one and one-half (1-1/2) times the officer's hourly wage under
 11 subsection (1) of this section.

12 ➔Section 3. KRS 95.495 is amended to read as follows:

13 (1) *Except as otherwise allowed in Section 2 of this Act,* in cities listed on the registry
 14 pursuant to subsection (3) of this section or urban-county governments, except those
 15 in which, by ordinance, the patrolmen are employed or paid by the day, the
 16 members of the police department shall not be required to work more than eight (8)
 17 hours per day, for five (5) days each week or ten (10) hours per day, for four (4)
 18 days each week, except in the event of an emergency. Each member of the police
 19 department shall have an annual leave of fifteen (15) working days with full pay.
 20 Nothing in this section shall prohibit a member of the police department from
 21 voluntarily agreeing to work a different work schedule provided that the officer is
 22 paid overtime for any work performed in excess of forty (40) hours per week.

23 (2) The salary of the members of the police department shall not be reduced by reason
 24 of the enactment of this section.

25 (3) On or before January 1, 2015, the Department for Local Government shall create a
 26 registry of cities that shall comply with the provisions of this section. The
 27 Department for Local Government shall include each of those cities on the registry

1 that were classified as cities of the second or third class on August 1, 2014. The
 2 Department for Local Government shall make the information included on the
 3 registry available to the public by publishing it on its Web site.

4 ➔Section 4. KRS 309.364 is amended to read as follows:

5 ~~[(1)]~~ KRS 309.350 to 309.364 supersede all ordinances or regulations regulating *the*
 6 *professional licensure and the instruction and continuing education of* massage
 7 therapists in any city, county, urban-county, charter county, *unified local*
 8 *government*, or consolidated local government.

9 ~~[(2) This article does not affect city, county, urban-county, charter county, or~~
 10 ~~consolidated local government regulations relating to zoning requirements or~~
 11 ~~occupational license fees pertaining to health care professions.]~~

12 ➔Section 5. KRS 66.480 is amended to read as follows:

13 (1) The governing body of a city, county, urban-county, charter county, school district
 14 (provided that its general procedure for action is approved by the Kentucky Board
 15 of Education), or other local governmental unit or political subdivision, may invest
 16 and reinvest money subject to its control and jurisdiction in:

17 (a) Obligations of the United States and of its agencies and instrumentalities,
 18 including obligations subject to repurchase agreements, if delivery of these
 19 obligations subject to repurchase agreements is taken either directly or through
 20 an authorized custodian. These investments may be accomplished through
 21 repurchase agreements reached with sources including but not limited to
 22 national or state banks chartered in Kentucky;

23 (b) Obligations and contracts for future delivery or purchase of obligations backed
 24 by the full faith and credit of the United States or a United States government
 25 agency, including but not limited to:

- 26 1. United States Treasury;
- 27 2. Export-Import Bank of the United States;

- 1 3. Farmers Home Administration;
- 2 4. Government National Mortgage Corporation; and
- 3 5. Merchant Marine bonds;
- 4 (c) Obligations of any corporation of the United States government, including but
- 5 not limited to:
- 6 1. Federal Home Loan Mortgage Corporation;
- 7 2. Federal Farm Credit Banks;
- 8 3. Bank for Cooperatives;
- 9 4. Federal Intermediate Credit Banks;
- 10 5. Federal Land Banks;
- 11 6. Federal Home Loan Banks;
- 12 7. Federal National Mortgage Association; and
- 13 8. Tennessee Valley Authority;
- 14 (d) Certificates of deposit issued by or other interest-bearing accounts of any bank
- 15 or savings and loan institution having a physical presence in Kentucky which
- 16 are insured by the Federal Deposit Insurance Corporation or similar entity or
- 17 which are collateralized, to the extent uninsured, by any obligations, including
- 18 surety bonds, permitted by KRS 41.240(4);
- 19 (e) Uncollateralized certificates of deposit issued by any bank or savings and loan
- 20 institution having a physical presence in Kentucky rated in one (1) of the three
- 21 (3) highest categories by a competent rating agency;
- 22 (f) Bankers' acceptances for banks rated in one (1) of the three (3) highest
- 23 categories by a competent rating agency;
- 24 (g) Commercial paper rated in the highest category by a competent rating agency;
- 25 (h) Bonds or certificates of indebtedness of this state and of its agencies and
- 26 instrumentalities;
- 27 (i) Securities issued by a state or local government, or any instrumentality of

- 1 agency thereof, in the United States, and rated in one (1) of the three (3)
2 highest categories by a competent rating agency;
- 3 (j) Shares of mutual funds and exchange traded funds, each of which shall have
4 the following characteristics:
- 5 1. The mutual fund shall be an open-end diversified investment company
6 registered under the Federal Investment Company Act of 1940, as
7 amended;
 - 8 2. The management company of the investment company shall have been
9 in operation for at least five (5) years; and
 - 10 3. All of the securities in the mutual fund shall be eligible investments
11 pursuant to this section;
- 12 (k) Individual equity securities if the funds being invested are managed by a
13 professional investment manager regulated by a federal regulatory agency.
14 The individual equity securities shall be included within the Standard and
15 Poor's 500 Index, and a single sector shall not exceed twenty-five percent
16 (25%) of the equity allocation; and
- 17 (l) Individual high-quality corporate bonds that are managed by a professional
18 investment manager that:
- 19 1. Are issued, assumed, or guaranteed by a solvent institution created and
20 existing under the laws of the United States;
 - 21 2. Have a standard maturity of no more than ten (10) years; and
 - 22 3. Are rated in the three (3) highest rating categories by at least two (2)
23 competent credit rating agencies.
- 24 (2) The investment authority provided by subsection (1) of this section shall be subject
25 to the following limitations:
- 26 (a) The amount of money invested at any time by a local government or political
27 subdivision in any one (1) of the categories of investments authorized by

- 1 subsection (1)(e), (f), (g), (k), and (l) of this section shall not exceed twenty
2 percent (20%) of the total amount of money invested by the local government;
- 3 (b) The amount of money invested at any one (1) time by a local government or a
4 political subdivision in the categories of investments authorized in subsection
5 (1)(j), (k), and (l) of this section shall not, aggregately, exceed forty percent
6 (40%) of the total money invested **unless the investment is in a mutual fund**
7 **consisting solely of the investments authorized under subsection (1)(a), (b),**
8 **(c), (h), or (i) of this section, or any combination thereof;**
- 9 (c) No local government or political subdivision shall purchase any investment
10 authorized by subsection (1) of this section on a margin basis or through the
11 use of any similar leveraging technique; and
- 12 (d) At the time the investment is made, no more than five percent (5%) of the
13 total amount of money invested by the local governments or political
14 subdivisions shall be invested in any one (1) issuer unless:
- 15 1. The issuer is the United States government or an agency or
16 instrumentality of the United States government, or an entity which has
17 its obligations guaranteed by either the United States government or an
18 entity, agency, or instrumentality of the United States government;
- 19 2. The money is invested in a certificate of deposit or other interest-bearing
20 accounts as authorized by subsection (1)(d) and (e) of this section;
- 21 3. The money is invested in bonds or certificates of indebtedness of this
22 state and its agencies and instrumentalities as authorized in subsection
23 (1)(h) of this section; or
- 24 4. The money is invested in securities issued by a state or local
25 government, or any instrumentality or agency thereof, in the United
26 States as authorized in subsection (1)(i) of this section.
- 27 (3) The governing body of every local government or political subdivision that invests

1 or reinvests money subject to its control or jurisdiction according to the provisions
2 of subsection (1) of this section shall by January 1, 1995, adopt a written investment
3 policy that shall govern the investment of funds by the local government or political
4 subdivision. The written investment policy shall include but shall not be limited to
5 the following:

- 6 (a) A designation of the officer or officers of the local government or political
7 subdivision who are authorized to invest and oversee the investment of funds;
 - 8 (b) A list of the permitted types of investments;
 - 9 (c) Procedures designed to secure the local government's or political subdivision's
10 financial interest in the investments;
 - 11 (d) Standards for written agreements pursuant to which investments are to be
12 made;
 - 13 (e) Procedures for monitoring, control, deposit, and retention of investments and
14 collateral;
 - 15 (f) Standards for the diversification of investments, including diversification with
16 respect to the types of investments and firms with whom the local government
17 or political subdivision transacts business;
 - 18 (g) Standards for the qualification of investment agents which transact business
19 with the local government, such as criteria covering creditworthiness,
20 experience, capitalization, size, and any other factors that make a firm capable
21 and qualified to transact business with the local government or political
22 subdivision; and
 - 23 (h) Requirements for periodic reporting to the governing body on the status of
24 invested funds.
- 25 (4) Sheriffs, county clerks, and jailers, who for the purposes of this section shall be
26 known as county officials, may invest and reinvest money subject to their control
27 and jurisdiction, including tax dollars subject to the provisions of KRS Chapter 134

1 and 160.510, as permitted by this section.

2 (5) The provisions of this section are not intended to impair the power of a county
3 official, city, county, urban-county, charter county, school district, or other local
4 governmental unit or political subdivision to hold funds in deposit accounts with
5 banking institutions as otherwise authorized by law.

6 (6) The governing body or county official may delegate the investment authority
7 provided by this section to the treasurer or other financial officer or officers charged
8 with custody of the funds of the local government, and the officer or officers shall
9 thereafter assume full responsibility for all investment transactions until the
10 delegation of authority terminates or is revoked.

11 (7) All county officials shall report the earnings of any investments at the time of their
12 annual reports and settlements with the fiscal courts for excess income of their
13 offices.

14 (8) The state local debt officer is authorized and directed to assist county officials and
15 local governments, except school districts, in investing funds that are temporarily in
16 excess of operating needs by:

17 (a) Explaining investment opportunities to county officials and local governments
18 through publication and other appropriate means; and

19 (b) Providing technical assistance in investment of idle funds to county officials
20 and local governments that request that assistance.

21 (9) (a) The state local debt officer may create an investment pool for local
22 governments, except school districts, and county officials; and counties and
23 county officials and cities may associate to create an investment pool. If
24 counties and county officials and cities create a pool, each group may select a
25 manager to administer their pool and invest the assets. Each county and each
26 county official and each city may invest in a pool created pursuant to this
27 subsection. Investments shall be limited to those investment instruments

1 permitted by this section. The funds of each local government and county
2 official shall be properly accounted for, and earnings and charges shall be
3 assigned to each participant in a uniform manner according to the amount
4 invested. Charges to any local government or county official shall not exceed
5 one percent (1%) annually on the principal amount invested, and charges on
6 investments of less than a year's duration shall be prorated. Any investment
7 pool created pursuant to this subsection shall be audited each year by an
8 independent certified public accountant, or by the Auditor of Public Accounts.
9 A copy of the audit report shall be provided to each local government or
10 county official participating in the pool. In the case of an audit by an
11 independent certified public accountant, a copy of the audit report shall be
12 provided to the Auditor of Public Accounts, and to the state local debt officer.
13 The Auditor of Public Accounts may review the report of the independent
14 certified public accountant. After preliminary review, should discrepancies be
15 found, the Auditor of Public Accounts may make his or her own investigative
16 report or audit to verify the findings of the independent certified public
17 accountant's report.

18 (b) If the state local debt officer creates an investment pool, he or she shall
19 establish an account in the Treasury for the pool. He or she shall also establish
20 a separate trust and agency account for the purpose of covering management
21 costs, and he or she shall deposit management charges in this account. The
22 state local debt officer may promulgate administrative regulations, pursuant to
23 KRS Chapter 13A, governing the operation of the investment pool, including
24 but not limited to provisions on minimum allowable investments and
25 investment periods, and method and timing of investments, withdrawals,
26 payment of earnings, and assignment of charges.

27 (c) Before investing in an investment pool created pursuant to this subsection, a

1 local government or county official shall allow any savings and loan
2 association or bank in the county, as described in subsection (1)(d) of this
3 section, to bid for the deposits, but the local government or county official
4 shall not be required to seek bids more often than once in each six (6) month
5 period.

6 (10) (a) With the approval of the Kentucky Board of Education, local boards of
7 education, or any of them that desire to do so, may associate to create an
8 investment pool. Each local school board which associates itself with other
9 local school boards for the purpose of creating the investment pool may invest
10 its funds in the pool so created and so managed. Investments shall be limited
11 to those investment instruments permitted by this section. The funds of each
12 local school board shall be properly accounted for, and earnings and charges
13 shall be assigned to each participant in a uniform manner according to the
14 amount invested. Charges to any local school board shall not exceed one
15 percent (1%) annually on the principal amount invested, and charges on
16 investments of less than a year's duration shall be prorated. Any investment
17 pool created pursuant to this subsection shall be audited each year by an
18 independent certified public accountant, or by the Auditor of Public Accounts.
19 A copy of the audit report shall be provided to each local school board
20 participating in the pool. In the case of an audit by an independent certified
21 public accountant, a copy of the audit report shall be provided to the Auditor
22 of Public Accounts, and to the Kentucky Board of Education. The Auditor of
23 Public Accounts may review the report of the independent certified public
24 accountant. After preliminary review, should discrepancies be found, the
25 Auditor of Public Accounts may make his or her own investigative report or
26 audit to verify the findings of the independent certified public accountant's
27 report.

1 (b) The Kentucky Board of Education may promulgate administrative regulations
2 governing the operation of the investment pool including but not limited to
3 provisions on minimum allowable investments and investment periods, and
4 methods and timing of investments, withdrawals, payment of earnings, and
5 assignment of charges.

6 (11) As used in this section, "competent rating agency" means a rating agency certified
7 or approved by a national entity that engages in such a process. The certification or
8 approval process shall include but not necessarily be limited to the following
9 elements the subject rating agency must possess:

10 (a) A requirement for the rating agency to register and provide an annual updated
11 filing;

12 (b) Record retention requirements;

13 (c) Financial reporting requirements;

14 (d) Policies for the prevention of misuse of material nonpublic information;

15 (e) Policies addressing management of conflicts of interest, including prohibited
16 conflicts;

17 (f) Prohibited acts practices;

18 (g) Disclosure requirements;

19 (h) Any policies, practices, and internal controls required by the national entity;
20 and

21 (i) Standards of training, experience, and competence for credit analysts.

22 ➔Section 6. KRS 58.150 is amended to read as follows:

23 (1) When the governing body of any county, city, or other municipal corporation, or
24 agency thereof, shall make a determination that, in accordance with the provisions
25 of any section of the statutes authorizing it to issue revenue bonds, assessment
26 bonds, or mortgage bonds to finance any project, it will finance a project by the
27 issuance of bonds, then in anticipation of financing, the governing body may

1 provide for the interim financing of a project by the sale and issuance of revenue
2 bond, assessment bond, or mortgage bond anticipation notes, as the case may be,
3 bearing interest at a rate or rates not exceeding the maximum rate permitted for the
4 issuance of the bonds so anticipated, and payable within a specified period of time
5 only from the proceeds of the bonds, when issued, or from the revenues or income
6 of the project as may be available prior to or at maturity of the notes; provided that
7 the initial term of the notes shall not be in excess of five (5) years from the date of
8 issuance. The term "revenue bond" means bonds, notes, or other obligations for the
9 payment of money issued by the state, any county, municipality, or other public
10 district or authority except a school district, or any corporation or other corporate
11 body acting as an instrumentality of the unit, and payable from a special fund into
12 which some or all of the revenues of a public project have been or will be paid.
13 "Assessment bond" means bonds, notes, or other obligations for the payment of
14 money issued by any one (1) or more of the same issuing authorities payable from a
15 special fund into which assessments levied on properties for benefits conferred have
16 been or will be paid in accordance with law. "Mortgage bond" means revenue bonds
17 which are secured by a mortgage deed of trust. A school district shall not be
18 excluded from these definitions if it is authorized by the Kentucky Board of
19 Education, by general or special authorization, to proceed under the authority of this
20 section or KRS 56.513 through the agency of the appropriate city or county.

21 (2) The notes authorized herein shall be sold in the same manner as the bonds in
22 anticipation of which they are issued~~[- except that when the principal amount of the~~
23 ~~notes does not exceed one million dollars (\$1,000,000) the provisions of KRS~~
24 ~~424.360 for advertisement of the notes in a publication having general circulation~~
25 ~~among bond buyers shall be inapplicable, and the other publications required by this~~
26 ~~section shall be deemed sufficient].~~

27 (3) Each bond anticipation note may include prepayment provisions which will allow

1 the issuing authority to prepay the note after giving reasonable notice to the holder;
2 shall identify the bond issue from the proceeds of which the note or notes and any
3 interest thereon are to be paid; and shall include a statement that the note is being
4 issued in anticipation of the identified bond issue, and that neither the note, nor the
5 interest, shall constitute or evidence an indebtedness of the issuing authority. Each
6 note and the interest, to the extent not previously paid from other sources, shall be
7 paid from the proceeds of the identified bond issue, when the proceeds have been
8 received and are available; provided, however, that payment from the revenues of
9 the project, for the financing of which the bonds will eventually be issued, shall be
10 permitted, and provision shall be made for payment of that portion of the principal
11 of any note issue which represents the principal of the proposed bonds scheduled to
12 mature on or prior to the maturity of the notes.

13 (4) The notes authorized herein may be issued in a principal amount sufficient to
14 include all interest due on the notes at or prior to maturity, if the notes shall be
15 issued for a term of three (3) years or less, and the notes may be sold at a discount
16 representing the interest due to the purchaser during the term.

17 (5) When, prior to the maturity of any notes issued under the authority of this section or
18 KRS 56.513, the governing body of the issuing authority shall make a determination
19 that by reason of construction delays, changes in plans, uncertainties in the bond
20 market, or other causes justifying delay in the final offering of the bond issue, the
21 bond issue should not immediately be offered, renewal notes may be issued subject
22 to the same limitations contained in this section or KRS 56.513 relative to the
23 original issue of notes, and the proceeds of the sale of the renewal notes shall be
24 applied to the payment of the principal of the notes originally issued, or any prior
25 issue of renewal notes, or to the payment of interest due or to become due on the
26 notes or renewal notes; provided, however, that the interest, including discount, if
27 any, payable from the proceeds of notes or renewal notes shall not exceed an

- 1 amount equal to three (3) years' interest from the date of the original notes at the
2 rate per annum established for the original notes.
- 3 (6) Counties, cities, and other municipal corporations, or agencies, in the discretion of
4 the governing body in each case, may, as an alternative to this section and for
5 interim financing purposes, solicit proposals, issue bond anticipation notes, and
6 make commitment agreements in the same manner as provided for the State
7 Property and Buildings Commission by KRS 56.513; provided, however, that in the
8 case of notes issued on behalf of a school district, general or special approval of the
9 Kentucky Board of Education shall be required in substitution for the approval of
10 the State Property and Buildings Commission; and provided further, that the
11 approval of the State Property and Buildings Commission will not be required for
12 any issue of a county, city, or other municipal corporation, or any agency, and
13 references to the commission shall be interpreted to be references to the governing
14 body of the issuing authority.
- 15 (7) Nothing herein shall be deemed to invalidate any bond anticipation notes sold or
16 issued under general statutes prior to the adoption of this section and KRS 56.513.
- 17 (8) Each bond anticipation note issued according to this section or KRS 56.513, and the
18 receipt of interest on the note, shall be exempt from all taxation by the
19 Commonwealth and all of its subdivisions, municipalities, and taxing authorities;
20 and this may be stated as a representation in the text of each bond anticipation note.