

FREE CONFERENCE COMMITTEE REPORT

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The Free Conference Committee on **HB 264** has met as provided in the Rules of the House and Senate and hereby reports the following to be adopted:

_____ **GA** X **SCS** _____ **HCS**

For the above-referenced bill, with these amendments (if applicable):

Committee (list by chamber and number): _____;

Floor (list by chamber and number): _____; and

The following Free Conference Committee action:

Beginning on page 1, after line 5, delete all language in its entirety and insert in lieu thereof the following:

"➔Section 1. The Judicial Branch Budget is as follows:

PART I

OPERATING BUDGET

(1) Funds Appropriations: There is appropriated out of the General Fund, Restricted Funds accounts, or Federal Funds accounts for the fiscal year beginning July 1, 2023, and ending June 30, 2024, for the fiscal year beginning July 1, 2024, and ending June 30, 2025, and for the fiscal year beginning July 1, 2025, and ending June 30, 2026, the following sums to be used for the purposes of the Judicial Branch of the government of the Commonwealth of Kentucky, including the Supreme Court, Court of Appeals, Circuit Court, Family Court, District Court, the Administrative Office of the Courts, Judicial Retirement, Local Facilities Fund, Local Facilities Use Allowance Contingency Fund, and for services performed by the Circuit Court Clerks' offices, including both Circuit and District Court support.

A. JUDICIAL BRANCH

Budget Units

1 **1. COURT OF JUSTICE**

2 **a. Court Operations and Administration**

	2024-25	2025-26
4 General Fund	317,432,400	327,717,500
5 Restricted Funds	51,368,700	52,118,600
6 Federal Funds	3,486,600	1,817,800
7 TOTAL	372,287,700	381,653,900

8 **(1) Civil Filing Fees:** Pursuant to its authority, if the Supreme Court retains the increases
 9 in civil filing fees that were effective in 2008 and 2018, the additional income resulting from the
 10 fee increases, not to exceed \$15,468,100 in each fiscal year, shall be deposited into a trust and
 11 agency account for court operations and salaries for non-elected personnel. Any revenue
 12 generated by these increases in excess of the \$15,468,100 in each fiscal year shall be deposited
 13 into the General Fund.

14 **(2) Mental Health Court Expansion:** Included in the above General Fund appropriation
 15 is \$1,587,900 in fiscal year 2024-2025 and \$1,491,900 in fiscal year 2025-2026 for expansion of
 16 mental health court by ten sites, including Bourbon, Scott, and Woodford Counties.

17 **(3) Additional Positions:** Included in the above General Fund appropriation is \$563,500
 18 in fiscal year 2024-2025 and \$528,500 in fiscal year 2025-2026 to support additional positions.

19 **(4) Utilization of Video Arraignment Technology:** (a) Notwithstanding any statute
 20 to the contrary, courts shall use the video arraignment system set forth in 2021 Ky. Acts ch. 194,
 21 sec. 14, (1), (a), when available.

22 (b) Notwithstanding any statute to the contrary, if a court does not use the video
 23 arraignment system referenced in paragraph (a) of this subsection, when available, the
 24 Administrative Office of the Courts shall be responsible for the costs associated with
 25 transporting prisoners to and from arraignments.

26 **b. Local Facilities Fund**

	2024-25	2025-26
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1	General Fund	132,775,500	138,318,600
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2 **(1) Local Facility Projects:** Included in the above General Fund appropriation is
3 \$3,219,100 in fiscal year 2024-2025 and \$8,207,200 in fiscal year 2025-2026 to support the use
4 allowance, operating, and non-recurring furniture and equipment costs for six judicial centers
5 authorized by the 2020 General Assembly and two judicial center projects authorized by the
6 2022 General Assembly.

7 **(2) Local Court Facility Compensation:** Included in the above General Fund
8 appropriation are moneys to compensate local units of government for providing court space and
9 for costs incurred in the development of local court facilities as defined in KRS Chapter 26A and
10 provided for in Part II, Capital Projects Budget, of this Act, and to perform all other acts required
11 or authorized by KRS Chapter 26A.

12 **(3) Use Allowance Payments to Counties:** Pursuant to KRS 26A.090(2), beginning
13 with court facility construction or renovation projects authorized by the 2000 Regular Session of
14 the General Assembly and all subsequent court facility projects, use allowance payments are
15 restricted to the court's proportional share of the annual principal and interest costs in connection
16 with the construction or renovation of the facility, not to exceed the authorized annual use
17 allowance.

18 **(4) Court Facility Maintenance Fund:** (a) Notwithstanding KRS 26A.090(2),
19 when there is no debt on court facility construction or renovation projects authorized prior to the
20 2000 Regular Session of the General Assembly, use allowance is restricted to compensation
21 equal to two percent annually of capital costs to be paid to the county unit of government and
22 two percent annually to be retained by the Administrative Office of the Courts and directed to a
23 separate fund specifically for maintenance of court facilities.

24 (b) The fund created pursuant to paragraph (a) of this subsection shall be used for
25 routine, ongoing, planned, and unanticipated maintenance for court facilities.

26 (c) Notwithstanding KRS 45.750, any maintenance project estimated to cost \$3,000,000
27 or less for a local court facility is not considered to be a capital project requiring authorization of

1 the General Assembly in the Judicial Branch Budget and may be completed using funds
2 appropriated to the Judicial Branch for maintenance of local facilities or other agency funds of
3 the Judicial Branch.

4 **(5) Maintenance Pool:** Included in the above General Fund appropriation is \$3,000,000
5 in each fiscal year to create a maintenance pool for planned and unanticipated non-capital
6 projects for local courthouses and judicial centers.

7 **(6) Debt Service:** Included in the above General Fund appropriation is \$570,000 in fiscal
8 year 2024-2025 and \$1,140,000 in fiscal year 2025-2026 to support debt service for new bonds
9 as set forth in Part II, Capital Projects Budget, of this Act.

10 **(7) Additional Use Allowance:** Included in the above General Fund appropriation is
11 \$1,462,200 in each fiscal year to support additional use allowance for previously authorized
12 courthouse projects in Butler, Clinton, and Crittenden counties.

13 **(8) Asset Preservation Pool - HVAC, Roof, and Electrical Upgrades:** The
14 Administrative Office of the Courts shall prepare a report on the Asset Preservation - HVAC,
15 Roof, Electrical project authorized in Part II, Capital Projects Budget, of this Act, including but
16 not limited to the projects funded in the asset preservation pool, the current status of each project
17 and projected completion date, and the amount expended on each project and for the pool in
18 total. The Administrative Office of the Courts shall submit this report on a quarterly basis
19 beginning November 1, 2024, to the Interim Joint Committee on Appropriations and Revenue.

20 **(9) Asset Preservation Pool – Renovations:** The Administrative Office of the Courts
21 shall prepare a report on the Asset Preservation - Renovations project authorized in Part II,
22 Capital Projects Budget, of this Act, including but not limited to the projects funded in the asset
23 preservation pool, the current status of each project and projected completion date, and the
24 amount expended on each project and for the pool in total. The Administrative Office of the
25 Courts shall submit this report on a quarterly basis beginning November 1, 2024, to the Interim
26 Joint Committee on Appropriations and Revenue.

27 **(10) Metcalfe County Courthouse:** Included in the above General Fund appropriation is

1 \$15,000 in fiscal year 2024-2025 to construct a statue on the courthouse grounds of the Metcalfe
 2 County Courthouse. Notwithstanding any statute to the contrary, the Metcalfe County
 3 Courthouse shall be named the Tom Emberton Metcalfe County Courthouse.

4 **c. Local Facilities Use Allowance Contingency Fund**

5 **(1) Funds Carry Forward:** Notwithstanding KRS 45.229, any unexpended balance
 6 remaining at the close of fiscal year 2023-2024 shall not lapse and shall continue into fiscal year
 7 2024-2025, and any unexpended balance remaining at the close of fiscal year 2024-2025 shall
 8 not lapse and shall continue into fiscal year 2025-2026 to provide for cost overruns in authorized
 9 court facilities projects not to exceed 15 percent of the use allowance in accordance with KRS
 10 Chapter 26A.

11 **TOTAL – COURT OF JUSTICE**

	2024-25	2025-26
13 General Fund	450,207,900	466,036,100
14 Restricted Funds	51,368,700	52,118,600
15 Federal Funds	3,486,600	1,817,800
16 TOTAL	505,063,200	519,972,500

17 **2. JUDICIAL FORM RETIREMENT SYSTEM**

	2024-25	2025-26
19 General Fund	660,000	703,000
20 Restricted Funds	691,900	693,900
21 TOTAL	1,351,900	1,396,900

22 **(1) Administrative Expenses:** Pursuant to KRS 21.540, administrative expenses shall be
 23 paid out of an administrative account which shall be funded by transfers of the necessary
 24 moneys, in appropriate ratio, from the funds described in KRS 21.550 and 21.560.
 25 Notwithstanding Part III, 7. of this Act, Restricted Funds appropriations may be increased to
 26 ensure sufficient funding to support the Judicial Form Retirement System.

27 **(2) Pension Benefit Increase:** Notwithstanding KRS 21.405(5), no pension benefit

1 increase shall be granted to recipients of a retirement allowance under KRS 21.345 to 21.580 on
 2 July 1, 2024, or July 1, 2025.

3 **TOTAL - JUDICIAL BRANCH**

	2024-25	2025-26
5 General Fund	450,867,900	466,739,100
6 Restricted Funds	52,060,600	52,812,500
7 Federal Funds	3,486,600	1,817,800
8 TOTAL	506,400,100	521,369,400

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10 **PART II**

11 **CAPITAL PROJECTS BUDGET**

12 **(1) Authorization of Capital Projects:** It is the intent of the General Assembly that any
 13 capital project proposed by any state government entity, including the agencies and subdivisions
 14 of the Court of Justice, shall be authorized by the General Assembly prior to the project's
 15 financing and construction, in accordance with KRS 7A.010, 7A.120, 45.750, 45.760, 45.763,
 16 45.765, and 48.110. Pursuant to KRS 45.760(1), the amount allotted, from all sources, for
 17 expenditure on any capital project, including leases as defined by KRS 45.750, shall not exceed
 18 the estimated cost as shown in this Act.

19 **(2) Capital Projects and Bond Oversight Committee:** Capital construction projects
 20 and major items of equipment that are not specifically listed in this Act may be authorized only
 21 after submission of the project to the Capital Projects and Bond Oversight Committee and in
 22 accordance with the other requirements of KRS 45.760(7). Moneys may be transferred to the
 23 allotment account of any capital project only after submission of the project to the Capital
 24 Projects and Bond Oversight Committee and in accordance with the other requirements of KRS
 25 45.760(6). As required by KRS 45.760, all capital construction items authorized in this Act shall
 26 be constructed in accordance with this Act, supporting documentation considered by the General
 27 Assembly, and Judicial Branch budget records. Any modifications to the scope of a capital

1 construction project or to a lease shall be reported to the Capital Projects and Bond Oversight
2 Committee before execution.

3 **(3) Court Facility Planning Process:** A feasibility study completed by a certified
4 architect not otherwise involved with the project shall be provided to the Project Development
5 Board to assist in making a determination whether the needs of the community and the Court of
6 Justice can best be met through the construction of a freestanding building, or through an
7 addition and/or renovation of the existing court facility.

8 **(4) Deferred Funding:** (a) General Fund support to provide operating costs totaling
9 \$240,000 and annualized use allowance payments totaling \$2,352,900 and \$500,000 for
10 nonrecurring equipment and furniture costs for the Owsley County project is deferred to the
11 2026-2028 biennium.

12 (b) General Fund support to provide operating costs totaling \$311,000 and annualized
13 use allowance payments totaling \$3,020,500 and \$500,000 for nonrecurring equipment and
14 furniture costs for the Greenup County project is deferred to the 2026-2028 biennium.

15 (c) General Fund support to provide operating costs totaling \$470,000 and annualized
16 use allowance payments totaling \$4,551,700 and \$500,000 for nonrecurring equipment and
17 furniture costs for the Knox County project is deferred to the 2026-2028 biennium.

18 (d) General Fund support to provide operating costs totaling \$600,000 and annualized
19 use allowance payments totaling \$5,803,600 and \$1,000,000 for nonrecurring equipment and
20 furniture costs for the Clark County project is deferred to the 2026-2028 biennium.

21 (e) General Fund support to provide operating costs totaling \$290,000 and annualized
22 use allowance payments totaling \$2,826,600 and \$500,000 for nonrecurring equipment and
23 furniture costs for the Caldwell County project is deferred to the 2026-2028 biennium.

24 (f) It is the intent of the General Assembly that the projects in paragraphs (a), (b), (c),
25 (d), and (e) of this subsection shall be funded using resources previously appropriated for
26 projects that no longer require use allowance debt payments in the 2026-2028 fiscal biennium.

27 **(5) Local Facilities Use Allowance Contingency Fund:** For any court facility project

1 which is occupied and use allowance funding is insufficient, the use allowance payments shall be
 2 approved from the Local Facilities Use Allowance Contingency Fund. If funds are not available
 3 in the Local Facilities Use Allowance Contingency Fund, the Chief Justice may transfer funds
 4 from other Judicial Branch accounts to make the necessary payments.

5 **(6) Facility Title:** Pursuant to KRS Chapter 26A, Hardin County shall accept title to the
 6 facility as set out in 2022 Ky. Acts ch. 162, Part II, A., 2., 004., Hardin County – HVAC Project,
 7 within six months of notification by the Administrative Office of the Courts of the completion of
 8 the project.

9 **(7) Critical and High Category Court Facilities:** The Court of Justice is authorized to
 10 proceed with the planning, design, and construction of four courthouses that are currently
 11 identified as Critical or High need by the Administrative Office of the Courts’ Courthouse
 12 Assessment County Ranking, created pursuant to KRS 26A.160, in a county where the General
 13 Assembly has approved a new judgeship that has taken office within the previous four years or in
 14 a county with special needs for office space for an appellate judge and/or where the circuit
 15 clerk’s office is in a different building than the current building in which court takes place, while
 16 taking population into consideration.

17 **A. JUDICIAL BRANCH**

18 Budget Units	2024-25	2025-26
19 1. LOCAL FACILITIES FUND		
20 Project	Project Scope	
21 001. Owsley	28,015,000	
22 002. Greenup	35,330,000	
23 003. Knox	53,255,000	
24 004. Clark	67,910,000	
25 005. Caldwell	33,060,000	
26 006. Construction - Court of Appeals		
27 Bond Funds	14,100,000	-0-

1	007. Asset Preservation - HVAC, Roof, Electrical		
2	General Fund	47,080,000	-0-
3	008. Asset Preservation - Renovations		
4	General Fund	6,420,000	-0-

5 **2. LEASE AUTHORIZATIONS**

6 **001.** Franklin County - Lease - Court of Appeals

7 **002.** Jefferson County - Lease - Parking

8 **003.** Madison County - Lease - Family Court

9 **PART III**

10 **GENERAL PROVISIONS**

11 **1. Expenditure Authority:** The Director of the Administrative Office of the Courts,
 12 with the approval of the Chief Justice, may expend any of the funds appropriated for court
 13 operations and administration in any lawful manner and for any legal purpose that the Chief
 14 Justice shall authorize or direct. No executive agency of state government shall have the power
 15 to restrict or limit the expenditure of funds appropriated to the Judicial Branch of government,
 16 except that funds appropriated in this Act shall not be expended for any purpose not specifically
 17 authorized by the General Assembly in this Act. The Court of Justice shall prepare a report of
 18 actual expenditures citing specific statutory or budgetary authorization for the reported
 19 expenditures and detailing expenditures for the Supreme Court, Court of Appeals, Circuit Court,
 20 Family Court, District Court, Administrative Office of the Courts, Judicial Retirement, Local
 21 Facilities Fund, Local Facilities Use Allowance Contingency Fund, and for services performed
 22 by the Circuit Court Clerks' offices. The Court of Justice shall provide this report on a quarterly
 23 basis to the Interim Joint Committee on Appropriations and Revenue.

24 **2. Severability of Budget Provisions:** Appropriation items and sums in this Act
 25 conform to KRS 48.311. If any section, any subsection, or any provision thereof shall be invalid
 26 or unconstitutional, the decision of the courts shall not affect or impair any of the remaining
 27 sections, subsections, or provisions.

1 **3. Duplicate Appropriations:** Any appropriation item and sum in this Act and in an
2 appropriation provision in another Act of the 2024 Regular Session of the General Assembly
3 which constitutes a duplicate appropriation shall be governed by KRS 48.312.

4 **4. Priority of Individual Appropriations:** KRS 48.313 shall control when a total or
5 subtotal figure in this Act conflicts with the sum of the appropriations of which it consists.

6 **5. Carry Forward of Funds:** Notwithstanding KRS 45.229, any unexpended balance
7 remaining at the close of the fiscal years ending June 30, 2024, June 30, 2025, and June 30,
8 2026, shall not lapse and shall continue into the next fiscal year.

9 **6. Final Budget Document:** The Director of the Administrative Office of the Courts
10 shall prepare a final budget document reflecting the 2024-2026 biennial budget of the Court of
11 Justice. A copy shall be provided to the Legislative Research Commission, and an informational
12 copy shall be furnished to the Finance and Administration Cabinet, within 60 days of the
13 adjournment of the 2024 Regular Session of the General Assembly.

14 **7. Appropriations Revisions:** Notwithstanding KRS 48.630(10), no revisions for
15 unbudgeted Restricted Funds appropriations for expenditure shall be allotted or expended that
16 have not been appropriated in any enacted branch budget bill or without the express authority of
17 the General Assembly. Proposed revisions to unbudgeted Federal Funds appropriations for
18 expenditure in this Act shall be made and reported to the Interim Joint Committee on
19 Appropriations and Revenue. The Director of the Administrative Office of the Courts shall
20 notify, on a timely basis, the Legislative Research Commission of the most current estimates of
21 anticipated receipts for the affected fiscal year and an accompanying statement which explains
22 variations from the anticipated amount.

23 **8. Maximum Salary of Trial Commissioners:** Notwithstanding KRS 24A.100(3), no
24 trial commissioner shall be compensated at a rate greater than \$6,000 per year. No funding is
25 provided for trial commissioners commissioned in counties with a residing District Judge.

26 **9. Authorized Personnel Complement:** On July 1, 2024, the Administrative Office of
27 the Courts shall establish a record for each budget unit of authorized permanent full-time and all

1 other positions based upon the enacted Judicial Budget of the Commonwealth and any
2 adjustments authorized by provisions in this Act. The total number of filled permanent full-time
3 and all other positions shall not exceed the authorized complements pursuant to this section. The
4 Director of the Administrative Office of the Courts may request an increase in the number of
5 authorized positions to the Chief Justice. Upon approval, the Administrative Office of the Courts
6 may authorize the employment of individuals in addition to the authorized complement. A report
7 of the actions authorized in this section shall be provided to the Interim Joint Committee on
8 Appropriations and Revenue on a monthly basis.

9 **10. Debt Restructuring:** Notwithstanding any other provision of the Kentucky Revised
10 Statutes, use allowance payments shall not be amended to reflect debt restructuring transactions
11 undertaken by a county during the 2024-2026 fiscal biennium.

12 **11. Court Facility Maintenance Fund Report:** For each of the periods ending June 30,
13 2024, June 30, 2025, and June 30, 2026, the Director of the Administrative Office of the Courts
14 shall prepare a court facility maintenance report. This report shall detail all court facility
15 maintenance undertaken by the Court of Justice, to include any cost-sharing with counties, as
16 well as detail regarding future maintenance needs. This report shall include a statewide
17 expenditure summary followed by individual county expenditures detailing the state's and
18 county's respective share of expenditures. The Administrative Office of the Courts shall provide
19 this report to the Interim Joint Committee on Appropriations and Revenue by September 15 of
20 each fiscal year.

21 **12. Biennial Audits:** The Auditor of Public Accounts shall have the right to review, upon
22 request, the accountant's work papers.

23 **13. Budgetary Restructuring:** The Court of Justice shall prepare a report to be
24 submitted to the Interim Joint Committee on Appropriations and Revenue by September 1 of
25 each fiscal year detailing the existing budget processes of the Court of Justice and the actual
26 expenditure of funds from the prior fiscal year and budgeted expenditures for the current fiscal
27 year by fund source and individual location or office, for the Supreme Court, Court of Appeals,

1 Circuit Court, Family Court, District Court, Administrative Office of the Courts, Judicial
2 Retirement, Local Facilities Fund, Local Facilities Use Allowance Contingency Fund, and for
3 services performed by the Circuit Court Clerks' offices.

4 **14. Unexpended Use Allowance:** Notwithstanding any provision of the Kentucky
5 Revised Statutes, any General Fund moneys appropriated for project-related expenses or use
6 allowance payments in fiscal years 2024-2025 and 2025-2026 that are not expended specifically
7 for project-related expenses or use allowance payments in the fiscal year in which appropriated
8 shall be transferred to the Budget Reserve Trust Fund Account (KRS 48.705).

9 **15. Salary Increase for Personnel:** Notwithstanding KRS 64.480(2), included in the
10 General Fund, Restricted Funds, and Federal Funds appropriations in Part I of this Act are
11 sufficient funds to support a three percent salary increase on the base salary and wages of each
12 eligible employee effective July 1, 2024 and a three percent increase on the base salary or wages
13 of each eligible employee effective July 1, 2025.

14 **16. Juror Pay Study:** The Administrative Office of the Courts shall study the potential
15 ways an increase in juror pay can impact timely case disposition, including but not limited to
16 juror attendance rates and a comparison of Kentucky's juror pay to surrounding states. The
17 Finance and Administration Cabinet shall work with the Administrative Office of the Courts to
18 determine the potential costs of implementing increased juror pay that is most likely to yield
19 optimal rates for case disposition.

20 **17. Application for Federal Funds:** Notwithstanding any statute to the contrary, the
21 Court of Justice shall report to the Interim Joint Committee on Appropriations and Revenue,
22 within 30 days, any new federally funded programs for which funding had not previously been
23 awarded without authorization by the General Assembly.

24 **PART IV**

25 **BUDGET REDUCTION OR SURPLUS EXPENDITURE PLAN**

26 The Judicial Branch shall participate in any Budget Reduction Plan or Surplus Expenditure
27 Plan in accordance with KRS Chapter 48, except that obligations essential to the constitutional

1 duties and use allowance of the Judicial Branch shall be exempt from any Budget Reduction
2 Plan. The level of participation in a Budget Reduction Plan shall be at the discretion of the Chief
3 Justice and shall not exceed the actual percentage of revenue shortfall."
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Senate Members

House Members

The above-named members, in separate votes by house, all concur in the provisions of this report.

DATE

For Clerk's Use:

Adopted: _____

Repassage Vote: _____