

1 AN ACT relating to branch budget bills.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 39A IS CREATED TO
4 READ AS FOLLOWS:

5 *(1) As used in this section:*

6 *(a) "Declaration" means the Presidential Declaration of a Major Disaster,*
7 *designated FEMA-4860-DR-KY;*

8 *(b) "Kentucky disaster" means the severe storms, straight-line winds, flooding,*
9 *and landslides that occurred in Kentucky beginning on February 14, 2025,*
10 *as named in the declaration; and*

11 *(c) "SAFE 4860 fund" means the State Aid Funding for Emergencies 4860*
12 *fund established in subsection (2) of this section.*

13 *(2) The State Aid Funding for Emergencies 4860 fund is established and shall be:*

14 *(a) Administered by the Department of Military Affairs, Division of Emergency*
15 *Management, in accordance with this section; and*

16 *(b) A separate fund to provide financial support for those directly impacted by*
17 *the Kentucky disaster.*

18 *(3) (a) The SAFE 4860 fund may receive state appropriations, gifts, grants, federal*
19 *funds, and any other funds, both public and private.*

20 *(b) Notwithstanding KRS 45.229, moneys in the SAFE 4860 fund shall not*
21 *lapse and shall carry forward until June 30, 2028.*

22 *(c) Any interest earnings of the SAFE 4860 fund shall become a part of the*
23 *fund and shall not lapse.*

24 *(4) The Department of Military Affairs or the Division of Emergency Management*
25 *shall not publicly advertise or solicit contributions from the general public that*
26 *could potentially impact fundraising efforts of nonprofit disaster relief agencies.*

27 *(5) (a) Eligibility to receive financial support from the SAFE 4860 fund shall be*

1 limited to a:

2 1. City, county, urban-county government, consolidated local
3 government, unified local government, or charter county government;

4 2. Nonprofit or public utility service provider;

5 3. State agency; or

6 4. School district;

7 that has disaster-related needs as a result of the Kentucky disaster.

8 (b) An eligible recipient may receive moneys from the SAFE 4860 fund for
9 expenses to provide disaster and recovery relief if the recipient is located in
10 the areas of the Kentucky disaster and has disaster-related needs in
11 response to the Kentucky disaster.

12 (6) (a) Eligible expenses shall be those used to support disaster and recovery relief,
13 including but not limited to:

14 1. a. Replacement or renovation of publicly owned buildings damaged
15 by the Kentucky disaster, but only to the extent of damage
16 directly caused by the Kentucky disaster; and

17 b. Replacement, renovation, or expansion of an essential
18 government facility that was used for existing services at the time
19 of the Kentucky disaster, including police, fire, and ambulance
20 stations, functioning above capacity at the time of application,
21 but only to the extent of damage directly caused by the Kentucky
22 disaster;

23 2. Reimbursement for services, personnel, and equipment provided
24 during the response and recovery to communities impacted by the
25 Kentucky disaster, but only to the extent of damage directly caused by
26 the Kentucky disaster;

27 3. Funding to cities, counties, and publicly owned utilities for the costs

- 1 of:
- 2 a. Replacement or repair of publicly owned buildings and their
- 3 contents; and
- 4 b. Water and wastewater infrastructure and those systems supports;
- 5 due to the damage from the Kentucky disaster, but only to the extent of
- 6 damage directly caused by the Kentucky disaster;
- 7 4. Assistance to cities and counties for expenses related to planning
- 8 efforts for rebuilding and recovering from the Kentucky disaster, but
- 9 only to the extent of damage directly caused by the Kentucky disaster;
- 10 5. Assistance to support disaster recovery and relief needs of local school
- 11 districts, but only to the extent of loss or damage directly caused by the
- 12 Kentucky disaster, including but not limited to financial support:
- 13 a. For school districts that will experience a default in bond
- 14 payments; and
- 15 b. To assist school districts with building and tangible property
- 16 replacement needs; and
- 17 6. Contracted employees to administer and report on the funds.
- 18 (b) The financial support shall not cover any new construction inside the one
- 19 hundred (100) year floodplain area.
- 20 (7) Each recipient of moneys from the SAFE 4860 fund, including any agency of
- 21 Kentucky state government, shall:
- 22 (a) Retain documentation of a timely application for any applicable
- 23 reimbursement, including but not limited to federal emergency disaster
- 24 grant assistance, other financial disaster assistance, and insurance
- 25 proceeds; and
- 26 (b) Adhere to the terms of the SAFE 4860 fund regarding reimbursement to the
- 27 Commonwealth if funds from other sources are subsequently received after

1 the receipt of financial assistance from the Commonwealth.

2 (8) (a) Moneys in the SAFE 4860 fund may be used for the advancement of
3 moneys to cities, counties, school districts, and nonprofit or public utility
4 service providers experiencing strained fiscal liquidity while awaiting
5 reimbursement from federal emergency management assistance or
6 insurance claims and shall not be used for capital improvements.

7 (b) Reimbursement of the advancement under paragraph (a) of this subsection
8 shall:

9 1. Be determined by the:

10 a. State-local finance officer within the Department for Local
11 Government for cities and counties, and nonprofit or public
12 utilities; and

13 b. Department of Education for school districts; and

14 2. Include a quarterly accounting of the advancement released and the
15 outstanding balance through June 30, 2028.

16 (9) (a) If a recipient of moneys from the SAFE 4860 fund subsequently receives
17 moneys from any other source, the recipient shall reimburse the
18 Commonwealth for the amount of the moneys received from the SAFE 4860
19 fund.

20 (b) Before July 1, 2028, all moneys reimbursed to the Commonwealth under
21 paragraph (a) of this subsection shall be deposited in the SAFE 4860 fund
22 within thirty (30) days.

23 (c) After June 30, 2028, all moneys reimbursed to the Commonwealth under
24 paragraph (a) of this subsection shall be deposited in the budget reserve
25 trust fund account established in KRS 48.705 within thirty (30) days.

26 (10) The Division of Emergency Management shall promulgate administrative
27 regulations in accordance with KRS Chapter 13A to carry out this section.

1 (11) The following reports shall be submitted to the Senate Standing Committee on
2 Appropriations and Revenue and the House Standing Committee on
3 Appropriations and Revenue or the Interim Joint Committee on Appropriations
4 and Revenue by the fifteenth day of each month, beginning May 15, 2025, and
5 ending July 15, 2029:

6 (a) A report from the Office of State Budget Director that includes:

- 7 1. The name of each recipient of moneys from the SAFE 4860 fund;
- 8 2. The dollar amount of moneys issued and the dates of issuance;
- 9 3. The dollar amount of any proceeds received from the Federal
10 Emergency Management Agency, an insurance company, or any other
11 means of reimbursement for damages;
- 12 4. A description of how the moneys were used; and
- 13 5. A list of all requests:
 - 14 a. Submitted, including the amount requested;
 - 15 b. Denied, including a description of the reason for the denial; and
 - 16 c. Where the amount awarded was greater than or less than the
17 amount requested, including a description of the reason for the
18 increase or decrease; and

19 (b) A report from the Department of Education that includes:

- 20 1. The name of each school district receiving moneys from the SAFE
21 4860 fund;
- 22 2. The dollar amount of moneys issued and the dates of issuance;
- 23 3. The dollar amount of any proceeds received from the Federal
24 Emergency Management Agency, an insurance company, or any other
25 means of reimbursement for damages;
- 26 4. A description of how the moneys were used; and
- 27 5. A list of all requests:

- 1 *a. Submitted, including the amount requested;*
 2 *b. Denied, including a description of the reason for the denial; and*
 3 *c. Where the amount awarded was greater than or less than the*
 4 *amount requested, including a description of the reason for the*
 5 *increase or decrease.*

6 ➔Section 2. 2024 Ky. Acts ch. 175, Part III, 24. Budget Implementation, at page
 7 1936, is amended to read as follows:

8 **24. Budget Implementation: (1)** The General Assembly directs that the
 9 Executive Branch shall carry out all appropriations and budgetary language provisions as
 10 contained in the State/Executive Branch Budget. The Legislative Research Commission
 11 shall review quarterly expenditure data to determine if an agency is out of compliance
 12 with this directive. If the Legislative Research Commission suspects that any entity has
 13 acted in non-conformity with this section, the Legislative Research Commission may
 14 order an audit or review at the agency's expense. Such audit findings, reviews, and
 15 reports shall be subject to the Kentucky Open Records Law. The Secretary of each
 16 Cabinet, the Commissioner of Education, or agency head shall provide, *in the form and*
 17 *manner prescribed by the Legislative Research Commission,* a comprehensive
 18 semiannual report, beginning February 1, 2025, to the standing Appropriations and
 19 Revenue Committees of the General Assembly or the Interim Joint Committee on
 20 Appropriations and Revenue, as appropriate, detailing expenditures related to the
 21 appropriations contained within the budgetary language provisions for each budget unit
 22 within their cabinet.

23 If an agency does not expend the full General Fund appropriation contained within
 24 a budgetary language provision, the unexpended funds shall be transferred to the Budget
 25 Reserve Trust Fund Account (KRS 48.705).

26 *(2) Notwithstanding any statute to the contrary, the Governor may transfer the*
 27 *remaining appropriations set forth in 2022 Ky. Acts ch. 222, sec. 6, and 2022 (1st*

1 *Extra. Sess.) Ky. Acts ch. 1, sec. 7, to the SAFE 4860 Fund.*

2 ➔Section 3. Whereas support and relief efforts are imperative for the
3 Commonwealth to recover from the considerable damage caused by the recent disasters
4 in this state, an emergency is declared to exist, and this Act takes effect upon its passage
5 and approval by the Governor or upon its otherwise becoming a law.