

FREE CONFERENCE COMMITTEE REPORT

The Free Conference Committee on **HB 622** 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 11, line 6, delete all language through page 12, line 11, and insert the following in lieu thereof:

"➔Section 5. 2024 Ky. Acts ch. 173, sec. 1, subsec. (179), at page 1765 is amended to read as follows:

(179) \$10,000,000 in fiscal year 2024-2025 to the Economic Development budget unit to be allocated to the Grayson County Fiscal Court~~Leitchfield Grayson County Airport~~ to purchase acreage for the expansion of runways to promote economic growth;

➔Section 6. 2024 Ky. Acts ch. 175, Part I, Operating Budget, C. Department of Education, 3. Learning and Results Services, (16) School Resource Officers, at page 1836, is amended to read as follows:

(16) School Resource Officers: (a) Included in the above General Fund appropriation is \$16,500,000 in fiscal year 2024-2025 and \$18,000,000 in fiscal year 2025-2026 to the Kentucky Department of Education to assist local districts in funding salaries for school resource officers, as defined in KRS 158.441, on a reimbursement basis. Once each local district has staffed and continues to maintain one school resource officer for each campus in that district, the local district is then eligible to apply for reimbursement for additional assistance in

1 funding salaries for school resource officers, except that the assistance allowed under this
 2 paragraph shall be limited to:

3 1. Funding available in this subsection; and

4 2. No more than one school resource officer for each academic building.

5 Monthly grants shall first be applied to the per campus requirement across all local districts
 6 and then to districts that meet the per campus requirement and have additional school
 7 resource officers, but only to the extent that funding is available. The Kentucky Department of
 8 Education shall reimburse local school districts up to \$20,000 for each ~~campus employing at~~
 9 ~~least one on-site~~ full-time certified school resource officer. Notwithstanding KRS 45.229, any
 10 portion of General Fund not expended for this purpose shall lapse to the Budget Reserve Trust
 11 Fund Account (KRS 48.705). Mandated reports shall be submitted pursuant to Part III, 24. of this
 12 Act.

13 (b) The Kentucky Department of Education shall assist nonpublic schools in funding
 14 salaries for school officers. The Kentucky Department of Education shall pay a law
 15 enforcement agency or the Department of Kentucky State Police up to \$20,000 for each full-
 16 time certified school resource officer for which the nonpublic school has entered into a
 17 memorandum of understanding for school resource officer services as a partial payment of the
 18 total rate charged. These payments shall be deemed necessary government expenses and up to
 19 \$5,000,000 in each fiscal year shall be paid from the General Fund Surplus Account (KRS
 20 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

21 (c) Notwithstanding any statute to the contrary, a law enforcement agency or the
 22 Department of Kentucky State Police shall charge the same total rate for school resource
 23 officer services to a local school district and nonpublic schools, which shall be the rate
 24 charged to a local school district as of January 1, 2025."; and

25 On page 12, between lines 20 and 21, insert the following:

26 "➔Section 8. Section 21 of 2025 RS HB 695/VO is hereby repealed and shall have no
 27 legal effect.

1 ➔Section 9. 2025 RS HJR 32/GA, Section 1, is amended to read as follows:

2 (1) The General Assembly of the Commonwealth of Kentucky hereby approves and
3 authorizes the Office of State Budget Director to release awards from the School Facility
4 Assistance Fund in accordance with 2024 Ky. Acts ch. 175, Part I, A., 27., (5) in the specified
5 amounts to the following local school districts for fiscal year 2025-2026:

6 (a) \$3,837,000 to Adair County Schools;

7 (b) \$2,679,000 to Augusta Independent;

8 (c) \$21,563,000 to Bardstown Independent;

9 (d) \$53,000 to Beechwood Independent;

10 (e) \$7,917,000 to Fleming County Schools;

11 (f) \$7,463,000 to Garrard County Schools;

12 (g) \$25,348,000 to Harrison County Schools;

13 (h) \$39,099,000 to Johnson County Schools;

14 (i) \$9,870,000 to Marion County Schools;

15 (j) \$2,959,000 to Powell County Schools;

16 (k) \$5,851,000 to Somerset Independent;

17 (l) \$24,000 to Walton Verona Independent; and

18 (m) \$3,724,000 to Williamstown Independent.

19 (2) Award amounts are 50 percent of the difference between the costs to construct,
20 repair, or renovate facilities and the amount of available local resources for school facility
21 projects certified in the audit conducted pursuant to 2024 Ky. Acts ch. 175, Part I, A., 22., (11).

22 **The funding allowed in this section shall not be more than 50 percent of the certified gap**
23 **identified in the audit, and the cost to construct shall not deviate from the amount listed in the**
24 **audit, and any amounts not covered shall be locally funded.** These facilities are A1 or A2

25 schools, are ranked as a Priority 1 or 2 on the local school district's facility plan, are not athletic
26 facilities, have been assigned a BG number by the Kentucky Department of Education with a
27 prefix value between 19 and 23, have begun or are ready to start construction, and are in school

1 districts that have levied a ten-cent equivalent tax dedicated to capital improvements but remain
2 unable to cash fund or to sufficiently support the required annual debt service for replacement or
3 renovation of the facilities as of January 1, 2024. Six of the 19 districts evaluated either failed to
4 meet the criteria or had sufficient local resources to cover construction, repair, or renovation
5 costs.

6 ➔Section 10. 2025 RS HJR 46/VO, Section 1, is amended to read as follows:

7 Notwithstanding KRS 48.100, 48.110, 48.300, and 176.430, this, Joint Resolution in
8 conjunction with 2024 Ky. Acts ch. 146, 2024 Ky. Acts ch. 147, and 2024 Ky. Acts ch. 153 shall
9 constitute the Six-Year Road Plan. **Any County Priority Project identified in this Joint**
10 **Resolution may be advanced to fiscal year 2024-2025, if funds are available.**

11 ➔Section 11. KRS 141.383 is amended to read as follows:

12 (1) As used in this section:

- 13 (a) "Above-the-line production crew" has the same meaning as in KRS 154.61-010;
14 (b) "Approved company" has the same meaning as in KRS 154.61-010;
15 (c) "Authority" has the same meaning as in KRS 154.61-010;
16 (d) "Below-the-line production crew" has the same meaning as in KRS 154.61-010;
17 (e) "Continuous film production" has the same meaning as in KRS 154.61-010;
18 (f) "Loan-out entity" has the same meaning as in KRS 154.61-010;
19 (g) "Qualifying expenditure" has the same meaning as in KRS 154.61-010;
20 (h) "Qualifying payroll expenditure" has the same meaning as in KRS 154.61-010;
21 (i) "Secretary" has the same meaning as in KRS 154.61-010; and
22 (j) "Tax incentive agreement" has the same meaning as KRS 154.61-010.

23 (2) (a) There is hereby created a tax credit against the tax imposed under KRS 141.020 or
24 141.040 and 141.0401, with the ordering of credits as provided in KRS 141.0205.

25 (b) The incentive available under paragraph (a) of this section is:

- 26 1. A refundable credit for applications approved prior to April 27, 2018;
27 2. A nonrefundable and nontransferable credit for applications approved on or

- 1 after April 27, 2018, but before January 1, 2022; and
- 2 3. A refundable credit for applications approved on or after January 1, 2022, if the
- 3 provisions of paragraph (c) of this subsection are met.
- 4 (c) 1. The total tax incentive approved under KRS 154.61-020 shall be limited to:
- 5 a. One hundred million dollars (\$100,000,000) for calendar year 2018 and
- 6 each calendar year through the calendar year 2021;
- 7 b. Seventy-five million dollars (\$75,000,000) for the calendar year 2022 and
- 8 each calendar year thereafter; and
- 9 c. Beginning with calendar year 2024, the amount in subdivision b. of this
- 10 subparagraph shall be allocated accordingly:
- 11 i. Twenty-five million dollars (\$25,000,000) shall be allocated for all
- 12 approved companies with a continuous film production; and
- 13 ii. On the first day of April 2025, and on April 1~~July~~ of each calendar
- 14 year thereafter, any unused balance allocated under subpart i. of this
- 15 subdivision for continuous film productions shall be made available
- 16 for all approved companies with a motion picture or entertainment
- 17 production.
- 18 2. To qualify for the refundable credit, all applicants shall:
- 19 a. Begin filming or production in Kentucky within six (6) months of
- 20 approval by the authority; and
- 21 b. Complete filming or production in Kentucky within two (2) years of their
- 22 production start date.
- 23 (3) An approved company may receive a refundable tax credit if:
- 24 (a) The department has received notification from the authority that the approved
- 25 company has satisfied all requirements of KRS 154.61-020 and 154.61-030; and
- 26 (b) The approved company has provided a detailed cost report and sufficient
- 27 documentation to the authority, which has been forwarded by the authority to the

- 1 department, that:
- 2 1. The purchases of qualifying expenditures were made after the execution of the
- 3 tax incentive agreement; and
- 4 2. The approved company or loan-out entity has withheld income tax as required
- 5 by KRS 141.310 on all qualified payroll expenditures, and remitted and
- 6 certified the withheld amount to the department.
- 7 (4) Interest shall not be allowed or paid on any refundable credits provided under this section.
- 8 (5) The department may promulgate administrative regulations under KRS Chapter 13A to
- 9 administer this section.
- 10 (6) On or before September 1, 2010, and on or before each September 1 thereafter, for the
- 11 immediately preceding fiscal year, the department shall report to the authority and the
- 12 Interim Joint Committee on Appropriations and Revenue the names of the approved
- 13 companies and the amounts of refundable income tax credit claimed.
- 14 (7) No later than September 1, 2021, and by November 1 every four (4) years thereafter, the
- 15 department and the Cabinet for Economic Development shall cooperatively provide
- 16 historical data related to the tax credit allowed in this section and KRS 154.61-020 and
- 17 154.61-030, including data items beginning with tax credits claimed for taxable years
- 18 beginning on or after January 1, 2018:
- 19 (a) The name of the taxpayer claiming the tax credit;
- 20 (b) The date that the application was approved and the date the filming or production was
- 21 completed;
- 22 (c) The taxable year in which the taxpayer claimed the tax credit;
- 23 (d) The total amount of the tax credit, including any amount denied, any amount applied
- 24 against a tax liability, any amount refunded, and any amount remaining that may be
- 25 claimed on a return filed in the future;
- 26 (e) Whether the taxpayer is a Kentucky-based company as defined in KRS 154.61-010;
- 27 (f) Whether the taxpayer films or produces a:

- 1 1. Feature-length film, television program, or industrial film;
- 2 2. National touring production of a Broadway show; or
- 3 3. Documentary;
- 4 (g) Whether the filming or production was performed:
- 5 1. Entirely in an enhanced county; or
- 6 2. In whole or in part in any Kentucky county other than in an enhanced incentive
- 7 county;
- 8 (h) The amount of qualifying expenditures incurred by the taxpayer;
- 9 (i) The amount of qualifying payroll expenditures paid to:
- 10 1. Resident below-the-line crew; and
- 11 2. Nonresident below-the-line production crew;
- 12 including the number of crew members in each category;
- 13 (j) The amount of qualifying payroll expenditures paid to:
- 14 1. Resident above-the-line crew; and
- 15 2. Nonresident above-the-line crew;
- 16 including the number of crew members in each category; and
- 17 (k) A brief description of the type of motion picture or entertainment production project.
- 18 (8) The information required to be reported under this section shall not be considered
- 19 confidential taxpayer information and shall not be subject to KRS Chapter 131 or any other
- 20 provisions of the Kentucky Revised Statutes prohibiting disclosure or reporting of
- 21 information.
- 22 ➔Section 12. The unused balance identified in Section 11(2)(c)1.c.ii. of this Act as of the
- 23 first day of April 2025 shall be allocated and made available for all approved companies with a
- 24 motion picture or entertainment production on or after the effective date of this Act."; and
- 25 Renumber the subsequent section accordingly; and
- 26 On page 12, line 22, after the second instance of "and", insert "Sections 4 to 8 and 10 to 12
- 27 of"; and

1 On page 12, line 23, delete "takes", and insert "take" in lieu thereof; and
2 Amend the title to read: "AN ACT relating to fiscal matters and declaring an emergency."
3
4

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

Senate Members

House Members

Christian McDaniel

Jason Petrie

Amanda Mays Bledsoe

David Meade

David Yates

Al Gentry

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

DATE
March 27, 2024

For Clerk's Use:

Adopted: _____

Repassage Vote: _____