AN ACT relating to economic relief for local communities of the Commonwealth and declaring an emergency.

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

➔Section 1. KRS 154.14-020 is amended to read as follows:

As used in this subchapter:

(1) "Cabinet" means the Cabinet for Economic Development;

(2) "County population ranking" means the score of each county determined by the cabinet under KRS 154.14-050(7);

(3) "Eligible grant applicant" means a county or city governing body, any entity organized in Kentucky providing public services through law enforcement, fire, emergency medical, rescue, waterfront development, a water utility, or a waste water utility to persons domiciled in Kentucky, or a nonprofit charitable organization organized under 26 U.S.C. sec. 501(c)(3) and engaged in public benefit improvements;

(4) "Eligible project" means a project that:

(a) Meets the requirements for a federal grant offered or administered by a qualifying federal entity that:

1. Requires a local match; or

2. Is a Delta Regional Authority project that includes language explicitly stating that a local match will make an application more competitive;

(b) Benefits the public or substantially benefits the public and satisfies the evaluation criteria in KRS 154.14-050 and that is initiated on:

1. Publicly owned property;

2. Property to be acquired, which comes with either a:

a. Legally binding letter of intent or option for the sale to an eligible grant applicant; or

b. Legally binding sale agreement for the sale to an eligible grant

applicant; or

3. Private property on which a project is located that is in the public interest and for a public purpose and that benefits an eligible community; and

(c) Requires local matching funds based on the county population ranking as provided in KRS 154.14-050;

(5) "Eligible use" means the authorized purpose for which an awarded grant may be used depending on the source of funds from the federal government;

(6) "GRANT Program" means the Government Resources Accelerating Needed Transformation Program established in KRS 154.14-030;

(7) "GRANT Program fund" means the fund established in KRS 154.14-060;

(8) "Population density":

(a) Means the number of persons per square mile of a county;

(b) Is calculated by dividing the total county population by the square miles in the county;

(c) Is determined by using the population estimate from the most recent available five (5) year American Community Survey as published by the United States Census Bureau; and

(d) Is used to rank each county in descending order, with the county having the largest population density receiving a rank of one (1) and the county with the smallest population density receiving a rank of one hundred twenty (120);

(9) "Qualifying federal entity" includes the following:

(a) The Domestic Policy Council;

(b) The Office of Management and Budget;

(c) The United States Department of Energy;

(d) The United States Department of the Treasury;

(e) The United States Department of the Interior;

(f) The United States Department of Agriculture;

(g) The United States Department of Commerce;

(h) The United States Department of Labor;

(i) The United States Department of Health and Human Services;

(j) The United States Department of Housing and Urban Development;

(k) The United States Department of Transportation;

(l) The United States Department of Education;

(m) The United States Department of Homeland Security;

(n) The United States Department of Justice;

(o) The United States Department of Defense;

(p) ~~[(n)]~~ The United States Environmental Protection Agency;~~[~~

~~(o) The United States Department of the Army;]~~

(q) ~~[(p)]~~ The Appalachian Regional Commission;

(r) ~~[(q)]~~ The Delta Regional Authority;

(s) ~~[(r)]~~ The National Science Foundation; and

(t) ~~[(s)]~~ Any federal agency, department, or entity that is the successor of an entity listed in paragraphs (a) to ***(s)*** ~~[(r)]~~ of this subsection;

(10) "Regional project" means an eligible project that is proposed by eligible grant applicants residing or having a primary business address in different counties in this Commonwealth or by eligible grant subrecipients as part of a multistate project who submit a regional grant application; and

(11) "Ten (10) year percentage change in population":

(a) Means the percentage change in population within a county;

(b) Is determined by comparing the population estimate from the most recent available five (5) year American Community Survey as published by the United States Census Bureau to the same survey ten (10) years prior to the most recent available survey; and

(c) Is used to rank each county in descending order, with the county having the largest positive percentage change in population receiving a rank of one (1) and the county with the largest negative percentage change receiving a rank of one hundred twenty (120).

➔Section 2. KRS 154.14-030 is amended to read as follows:

(1) The Government Resources Accelerating Needed Transformation Program is hereby established under the cabinet. The cabinet's administration of the program includes but is not limited to the following:

(a) Creating and making available a standardized grant application and a regional grant application for the obligation of state funds under this subchapter to apply for matching federal funds;

(b) Developing a standardized scoring system pursuant to this section and KRS 154.14-050;

(c) Reviewing and processing applications submitted to the cabinet by eligible grant applicants;

(d) Verifying that an eligible grant applicant is seeking a federal grant for an eligible project;

(e) Evaluating the project proposed by the match application in accordance with the evaluation criteria set forth in this section and KRS 154.14-050;

(f) Scoring each application pursuant to the scoring system described in KRS 154.14-050;

(g) Ranking each match application:

1. To prioritize the greatest return on investment and relative positive impact of the eligible project; and

2. Based on the project evaluation and the project score described in this section and KRS 154.14-050;

(h) Identifying eligible grant applicants whose eligible project demonstrates a

high level of investment potential if a match is provided, as revealed by the evaluation, scoring, and county population ranking process described in this section and KRS 154.14-050;

(i) Providing detailed feedback to the eligible grant applicants after the project evaluation and project score are completed and the application is approved or denied by the cabinet, unless otherwise prohibited by federal or state law;

(j) Obligating matching funds to selected eligible grant applicants; and

(k) Compiling the monthly and annual reports to be submitted under KRS 154.14-070.

(2) The cabinet shall determine the terms, conditions, and requirements of grant awards from the GRANT Program fund. The cabinet may establish procedures and standards for the review and approval of the obligation of match funds through the promulgation of administrative regulations in accordance with KRS Chapter 13A.

(3) The secretary of the cabinet shall have the authority to hire staff, contract for services, expend funds, and operate the normal business activities of the GRANT Program. Notwithstanding KRS Chapter 45A, the cabinet may contract with a third party for implementation and administration of the program.

(4) The GRANT Program shall sunset on December 31, ***2028*** ~~[2026]~~, unless authorized by the General Assembly to continue its work for a specified period of time.

(5) The Kentucky Council of Area Development Districts and local area development districts shall assist eligible grant applicants in identifying available federal grant opportunities and preparing federal grant applications and GRANT Program applications. This subsection shall not prevent any public agency or nonprofit entity from assisting eligible grant applicants in identifying available federal grant opportunities and preparing federal grant applications and GRANT Program applications.

(6) Upon request of the local area development districts, a local public institution in the

postsecondary education system as defined in KRS 164.001 shall assist the eligible grant applicants in their area by including but not limited to:

(a) Identifying opportunities for federal grants;

(b) Rendering supplemental support for federal grant applications on behalf of the communities including but not limited to providing data and analysis for the federal grant application; or

(c) Acting as the contact person for the local public institution to the Kentucky Council of Area Development Districts and to the area development district in which the local public institution is located and updating the contact person information.

➔Section 3. KRS 154.14-040 is amended to read as follows:

(1) (a) To participate in the GRANT Program, eligible grant applicants shall submit either a standardized or a regional grant application to the cabinet ***no later than ninety (90) days from the eligible grant applicant's submission for a federal grant offered or administered by a qualifying federal entity***.

(b) The cabinet shall review applications monthly. Each monthly review shall include all applications submitted but not yet reviewed by the first day of each month.

(c) The cabinet shall provide a preliminary evaluation of each application submitted by the first day of the month within fourteen (14) calendar days of the first day of the month. As part of the preliminary evaluation, the cabinet shall consider the applicant's eligibility and the application completeness when evaluated against the requirements of the federal grant.

(d) The cabinet shall provide a final decision of approval or denial on the application by the last day of the month in which the application was preliminarily reviewed. If an application is denied, the cabinet may provide feedback about any possible corrective action, in which case the applicant

may resubmit the application for reconsideration after taking the recommended corrective action.

(2) If a grant application is approved, the recipient shall comply with any match and reporting requirements established by the cabinet to verify that the awarded funds will be or have been expended on an eligible use.

(3) The obligation of funds for an approved project shall not remain obligated longer than twelve (12) months for that project. An approved project may receive a ***twelve (12)*** ~~[six (6)]~~ month extension of this deadline from the cabinet.

(4) If the grant recipient fails to comply with subsection (2) of this section or uses the awarded funds for any purpose other than an eligible use, the grant recipient shall forfeit and be liable to the cabinet for the full award amount.

➔Section 4. KRS 154.14-050 is amended to read as follows:

(1) The cabinet shall not approve a project unless it finds that the project is in the public interest and the grant funds will be used for a public purpose. For purposes of this subsection, projects that are in the public interest and for a public purpose can include a derivative private benefit, if the cabinet finds the following:

(a) The project will enhance a community or region;

(b) The granting entity for which the cabinet's matching grant is being used requires a public purpose for grant eligibility; or

(c) The cabinet in its judgment concludes the proposal will enhance the quality of life or services in a community or region.

(2) The cabinet shall evaluate each applicant's eligible project according to the criteria described in this section for the purpose of compiling a score for the eligible project pursuant to this section.

(3) If a match applicant is selected as an eligible grant applicant approved under the GRANT Program, it shall comply with any incentive agreements and reporting requirements deemed necessary by the cabinet to verify that the awarded grant shall

go toward an eligible use.

(4) In the administration of the GRANT Program, the cabinet shall develop a scoring system for eligible grant applications based on the total projected return on investment and the relative positive impact in the community.

(5) The scoring system shall include a:

(a) Score in each category as specified in subsection (6) of this section; and

(b) Total weighted score, which is the average of the scores in each category.

(6) The scoring categories shall include but are not limited to:

(a) Projected return on investment the project will yield, which includes an assessment of the:

1. Likelihood of project completion both with the match funding and without;

2. Application content when evaluated against the federal grant program's publicly available scoring rubric or evaluation criteria, if any;

3. Projected gross economic impact of the proposed project on the community;

4. Projected number of jobs created by the proposed project and subsequent impact on the community;

5. Determination of the cost of the project based on the amount expended by the cabinet if it obligates the requested grant amount to the applicant;

6. Evidence of community support for the project submitted by:

a. The eligible grant applicant; or

b. A majority of eligible grant applicants for a regional project;

7. Likelihood that the applicant can successfully manage the federal grant's administration requirements; and

8. Likelihood of success based on a federal agency prioritization of a particular applicant; and

(b) Overall positive impact the project will have on the surrounding community as evidenced by clear and feasible projected outcomes of the grant-funded project.

(7) (a) On or before May 1, 2024, and not later than May 1 every two (2) years thereafter, the cabinet shall determine a county population ranking for each county by adding the following two (2) factors:

1. The population density ranking; and
2. The ten (10) year percentage change in population ranking.

(b) ***For applications submitted on or after July 1, 2026,*** the required local match for each county shall be as follows:

1. Eligible projects in counties where the county population ranking is greater than or equal to one hundred ninety-three (193) shall provide a minimum amount of local matching funds equal to ***two***~~[one]~~ percent ***(2%)***~~[(1%)]~~ of the state match;
2. Eligible projects in counties where the county population ranking is less than one hundred ninety-three (193) but greater than or equal to one hundred forty-five (145) shall provide a minimum amount of local matching funds equal to ***four***~~[two]~~ percent ***(4%)***~~[(2%)]~~ of the state match;
3. Eligible projects in counties where the county population ranking is less than one hundred forty-five (145) but greater than or equal to ninety-seven (97) shall provide a minimum amount of local matching funds equal to ***six***~~[three]~~ percent ***(6%)***~~[(3%)]~~ of the state match;
4. Eligible projects in counties where the county population ranking is less than ninety-seven (97) but greater than or equal to forty-nine (49) shall provide a minimum amount of local matching funds equal to ***eight***~~[four]~~ percent ***(8%)***~~[(4%)]~~ of the state match; and

5. Eligible projects in counties where the county population ranking is less than forty-nine (49) shall provide a minimum amount of local matching funds equal to ***ten***~~[five]~~ percent ***(10%)***~~[(5%)]~~ of the state match.

(c) On or before November 1, 2024, and no later than November 1 every two (2) years thereafter, the cabinet shall report to the Legislative Research Commission and the Interim Joint Committee on Appropriations and Revenue the following information for each county:

1. The county name;
2. The population density ranking for that county;
3. The ten (10) year percentage change in population ranking for that county; and
4. The county population ranking for that county.

(8) (a) For selected eligible grant applicants that are involved in a regional project, the cabinet may pool the potential allocation of funds available for each county represented by the eligible grant applicants for the grant amount awarded.

(b) A county that is an eligible grant applicant involved in a regional project shall provide that county's local matching funds based on the county population ranking determined under subsection (7) of this section and each county's local matching funds may be pooled as described in paragraph (a) of this subsection.

➔Section 5. KRS 154.14-070 is amended to read as follows:

(1) (a) By June 1, 2024, and the first day of each month thereafter, the cabinet shall submit a report on eligible project applications to the Governor and the Senate Standing Committee on Appropriations and Revenue and the House Standing Committee on Appropriations and Revenue, or the Interim Joint Committee on Appropriations and Revenue, and make the reports available on the

cabinet's website.

(b) The monthly report shall be a summary of the eligible project applications and shall include but not be limited to the following:

1. A list of all eligible grant applications received;
2. The identity of applicants who were not selected for the obligation of funds;
3. Trends found in feedback given to applicants who were not selected for the obligation of funds; and
4. For each submitted eligible grant application:
   a. The eligible use of funds and project for which funds are requested;
   b. The date of submission;
   c. A description of the federal grant funds applied for by the applicant;
   d. A description of the title, subject matter, preliminary evaluation, and scoring tally of the eligible grant application;
   e. The date of the cabinet's preliminary evaluation;
   f. The amount requested, and the amount approved or denied; and
   g. The date of the cabinet's final decision on obligation of the match funds, the date of the federal grant approval or denial, and whether the eligible project was approved or denied.

(2) By November 1, 2024, and annually thereafter until November 1, ***2028*** ~~[2026]~~, the cabinet shall prepare an annual report of the GRANT Program to be submitted to the Governor and the Interim Joint Committee on Appropriations and Revenue and made available on the cabinet's website. The annual report shall include but not be limited to the following:

(a) A summary of the monthly reports and the eligible grant applications received

and relevant statistics relating to actions taken by the cabinet and grants awarded, including the applicant, award amount, and the purpose of the funding;

(b) The current balance of the GRANT Program fund;

(c) Recommendations regarding appropriations to the GRANT Program fund for the upcoming fiscal year; and

(d) Recommendations for legislation or policy actions needed to facilitate greater receipt of grant funding to eligible grant applicants.

➔Section 6. Whereas the GRANT program is available for a limited time period and administrative efficiency requires that funding be allocated immediately, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.