

1       AN ACT relating to real property.

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

3           ➔Section 1. KRS 45A.045 is amended to read as follows:

4       (1) The Finance and Administration Cabinet shall serve as the central procurement and  
5       contracting agency of the Commonwealth. **The cabinet shall:**

6           (a) ~~[The cabinet shall]~~Require all agencies to furnish an estimate of specific  
7       needs for supplies, materials, and equipment to be purchased by competitive  
8       bidding for the purpose of permitting scheduling of purchasing in large  
9       volume. The cabinet shall establish and enforce schedules for purchasing  
10      supplies, materials, and equipment. In addition, prior to the beginning of each  
11      fiscal year all agencies shall submit to the Finance and Administration  
12      Cabinet an estimate of all needs for supplies, materials, and equipment during  
13      that year which will have to be required through competitive bidding; ~~]~~

14           (b) ~~[The Finance and Administration Cabinet shall]~~Have **the authority**~~[power]~~,  
15       with the approval of the secretary of the Finance and Administration Cabinet,  
16       to transfer between departments, to salvage, to exchange, and to condemn  
17       supplies, equipment, and real property; **and**~~]~~.

18           ~~}~~

19           (c) ~~[The Finance and Administration Cabinet shall]~~Attempt in every practicable  
20       way to ensure that state agencies are fulfilling their business needs through the  
21       application of the best value criteria.

22       (2) The Finance and Administration Cabinet shall recommend regulations, rules, and  
23       procedures and shall have supervision over all purchases by the various spending  
24       agencies, except as otherwise provided by law, and, subject to the approval of the  
25       secretary of the Finance and Administration Cabinet, shall promulgate  
26       administrative regulations to govern purchasing by or for all these agencies. The  
27       cabinet shall publish a manual of procedures which shall be incorporated by

1 reference as an administrative regulation in accordance with [pursuant to] KRS  
2 Chapter 13A. This manual shall be distributed to agencies and shall be revised upon  
3 issuance of amendments to these procedures. No purchase or contract shall be  
4 binding on the state or any agency thereof unless approved by the Finance and  
5 Administration Cabinet or made under general administrative regulations  
6 promulgated by the cabinet.

7 (3) The Finance and Administration Cabinet shall purchase or otherwise acquire, or,  
8 with the approval of the secretary, may delegate and control the purchase and  
9 acquisition of the combined requirements of all spending agencies of the state,  
10 including, but not limited to, interests in real property, contractual services, rentals  
11 of all types, supplies, materials, equipment, and services.

12 (4) (a) The Finance and Administration Cabinet shall sell, trade, or otherwise dispose  
13 of any interest in real property of the state which is not needed, or has become  
14 unsuitable for public use, or would be more suitable to the public's interest if  
15 used in another manner, as determined by the secretary of the Finance and  
16 Administration Cabinet.

17 (b) The determination of the secretary of the Finance and Administration Cabinet  
18 shall be set forth in an order and shall be reached only after review of a  
19 written request by the agency desiring to dispose of the real property. This  
20 request shall describe the real property and state the reasons why the agency  
21 believes the real property should be disposed.

22 (c) Before the disposal of real property, the secretary of the Finance and  
23 Administration Cabinet shall determine that:

- 24 1. No other state agency has a purpose for the real property; and
- 25 2. The city, county, urban-county government, or consolidated local  
26 government where the real property is located does not have an  
27 ownership interest in the real property.

1        **(d)** All instruments required by law to be recorded which convey any interest in  
2        any real property so disposed of shall be executed and signed by the secretary  
3        of the Finance and Administration Cabinet and approved by the Governor.

4        **(e)** Unless the secretary of the Finance and Administration Cabinet deems it in  
5        the best interest of the state to proceed otherwise, all interests in real property  
6        shall be sold either by invitation of sealed bids or by public auction. The  
7        selling price of any interest in real property shall not be less than the appraised  
8        value thereof as determined by the cabinet, or the Transportation Cabinet for  
9        the requirements of that cabinet.

10        **(f)** *A state agency notifying the Finance and Administration Cabinet of its  
11        intent to dispose of any interest in real property assigned to the state agency  
12        shall continue to provide maintenance and security of the existing  
13        structures, buildings, and land included in the real property until the sale or  
14        other disposition is complete.*

15        **(g)** *In the event the Finance and Administration Cabinet receives no responsive  
16        bids for real property being disposed of, either by sealed bid or by public  
17        auction, the real property may be disposed of, consistent with the public  
18        interest, in any manner deemed appropriate by the secretary of the Finance  
19        and Administration Cabinet. The city, county, urban-county government, or  
20        consolidated local government where the real property is located shall have  
21        the right of first refusal or first offer to purchase an interest in the real  
22        property. A written description of the real property, the method of disposal,  
23        and the amount of compensation, if any, shall be made by the secretary of  
24        the Finance and Administration Cabinet.*

25        (5)        **(a)** *If state-owned real property is observed to be abandoned, or it has not been  
26        substantially utilized for a public use, the chief executive officer of the city,  
27        county, urban-county government, or consolidated local government where*

1                   the real property is located may:

2                   1. Receive notice inquiring about the real property from a citizen,  
3                   developer, or consultant as described in paragraph (d) of this  
4                   subsection;

5                   2. Develop a plan for public use of the real property; and

6                   3. Submit a written notice to the secretary of the Finance and  
7                   Administration Cabinet and the Capital Planning Advisory Board:

8                   a. Expressing interest in the use of the real property; and

9                   b. Requesting state utilization information from the Finance and  
10                   Administration Cabinet on the availability of the real property  
11                   for disposal; and

12                   c. Requesting the real property to be considered for sale, trade, or  
13                   disposal.

14                   (b) Within sixty (60) calendar days of receiving written notice under paragraph  
15                   (a)3. of this subsection, the secretary of Finance and Administration  
16                   Cabinet shall send a written response to the chief executive officer of the  
17                   city, county, urban-county, or consolidated government and the Capital  
18                   Planning Advisory Board that includes but is not limited to:

19                   1. The current occupancy and use of the real property;

20                   2. If the Finance and Administration Cabinet or other applicable state  
21                   agency intends to evaluate real property for disposal under subsection  
22                   (4) of this section or to maintain its ownership interest in the real  
23                   property for public use; and

24                   3. Provide a description of the real property, current status, available and  
25                   planned occupancy, utilization, restrictions of use, and a timeline for  
26                   full utilization of the property.

27                   (c) If the applicable state agency determines to request disposal of the real

1                   property, the state agency and Finance and Administration Cabinet shall  
2                   proceed in accordance with subsection (4) of this section.

3                   (d) A citizen, developer, or consultant may notify the chief executive officer of  
4                   the city, county, urban-county government, or consolidated local  
5                   government where state-owned real property is located if he or she observes  
6                   that the state-owned real property is abandoned or not substantially utilized  
7                   for public use.

8                   (6) The Finance and Administration Cabinet shall sell, trade, or otherwise dispose of all  
9                   personal property of the state that is not needed, or has become unsuitable for  
10                   public use, or would be more suitable to the public's interest if used in another  
11                   manner, or, with the approval of the secretary, may delegate the sale, trade, or other  
12                   disposal of the personal property. In the event the authority is delegated, the method  
13                   for disposal shall be determined by the agency head, in accordance with  
14                   administrative regulations promulgated by the Finance and Administration Cabinet,  
15                   and shall be set forth in a document describing the property and stating the method  
16                   of disposal and the reasons why the agency believes the property should be  
17                   disposed of. In the event the authority is not delegated, requests to the Finance and  
18                   Administration Cabinet to sell, trade, or otherwise dispose of the property shall  
19                   describe the property and state the reasons why the agency believes the property  
20                   should be disposed of. The method for disposal shall be determined by the Division  
21                   of Surplus Properties, and approved by the secretary of the Finance and  
22                   Administration Cabinet or his or her designee.

23                   (7)(6) The Finance and Administration Cabinet shall exercise general supervision  
24                   and control over all warehouses, storerooms, and stores and of all inventories of  
25                   supplies, services, and construction belonging to the Commonwealth. The cabinet  
26                   shall promulgate administrative regulations to require agencies to take and maintain  
27                   inventories of plant property, buildings, structures, other fixed assets, and

1                   equipment. The cabinet shall conduct periodic physical audits of inventories.

2   (8)~~(7)~~ The Finance and Administration Cabinet shall establish and maintain  
3                   programs for the development and use of purchasing specifications and for the  
4                   inspection, testing, and acceptance of supplies, services, and construction.

5   (9)~~(8)~~ Nothing in this section shall prevent the Finance and Administration Cabinet  
6                   from negotiating with vendors who maintain a General Services Administration  
7                   price agreement with the United States of America or any agency thereof. No  
8                   contract executed under this provision shall authorize a price higher than is  
9                   contained in the contract between the General Services Administration and the  
10                  vendor affected.

11   (10)~~(9)~~ Except as provided in KRS Chapters 175, 176, 177, and 180, and subject to  
12                  the provisions of this code, the Finance and Administration Cabinet shall purchase  
13                  or otherwise acquire all real property determined to be needed for state use, upon  
14                  approval of the secretary of the Finance and Administration Cabinet as to the  
15                  determination of need and as to the action of purchase or other acquisition. The  
16                  amount paid for this real property shall not exceed the appraised value as  
17                  determined by the cabinet or the Transportation Cabinet (for such requirements of  
18                  that cabinet), or the value set by eminent domain procedure. Subject to the  
19                  provisions of this code, real property or any interest therein may be purchased,  
20                  leased, or otherwise acquired from any officer or employee of any agency of the  
21                  state upon a finding by the Finance and Administration Cabinet, based upon a  
22                  written application by the head of the agency requesting the purchase, and approved  
23                  by the secretary of the Finance and Administration Cabinet and the Governor, that  
24                  the employee has not either himself or herself, or through any other person,  
25                  influenced or attempted to influence either the agency requesting the acquisition of  
26                  the property or the Finance and Administration Cabinet in connection with such  
27                  acquisition. Whenever such an acquisition is consummated, the request and finding

1 shall be recorded and kept by the Secretary of State along with the other documents  
2 recorded pursuant to the provisions of KRS Chapter 56.

3 ~~(11)~~<sup>(10)</sup> The Finance and Administration Cabinet shall maintain records of all  
4 purchases and sales made under its authority and shall make periodic summary  
5 reports of all transactions to the secretary of the Finance and Administration  
6 Cabinet, the Governor, and the General Assembly. The Finance and Administration  
7 Cabinet shall also report trends in costs and prices, including savings realized  
8 through improved practices, to the above authorities. The Finance and Administration  
9 Cabinet shall also compile an annual report of state purchases by all  
10 spending agencies in the state's statewide accounting and reporting system. The  
11 report format shall include, but not be limited to, dollar amount, volume, type of  
12 purchase, and vendor.

13 ~~(12)~~<sup>(11)</sup> For capital construction projects, subject to the provisions of this code and  
14 KRS 45A.180, the procurement may be on whichever of the following alternative  
15 project delivery methods, in the judgment of the secretary of the Finance and  
16 Administration Cabinet after first considering the traditional design-bid-build  
17 project delivery method, offers the best value to the taxpayer:

18 (a) A design-build basis; or  
19 (b) A construction management-at-risk basis.

20 Proposals shall be reviewed by the engineering staff to assure quality and value, and  
21 compliance with procurement procedures. All specifications shall be written to  
22 promote competition. Nothing in this section shall prohibit the procurement of  
23 phased bidding or construction manager-agency services.

24 ~~(13)~~<sup>(12)</sup> The Finance and Administration Cabinet shall have control and supervision  
25 over all purchases of energy-consuming equipment, supplies, and related equipment  
26 purchased or acquired by any agency of the state as provided in this code, and shall  
27 promulgate administrative regulations to designate the manner in which an energy-

1 consuming item will be purchased so as to promote energy conservation and  
2 acquisition of energy efficient products. Major energy components shall be  
3 amortized on a seven (7) to ten (10) years' recovery basis and shall take into  
4 consideration the projected cost of fuel. The Finance and Administration Cabinet, in  
5 consultation with the Cabinet for Economic Development, shall conduct a thorough  
6 economic feasibility analysis on any major energy-using component of at least three  
7 million (3,000,000) BTU's per hour heat input and shall issue a certificate of  
8 economic feasibility prior to the Finance and Administration Cabinet's purchasing  
9 or retrofitting any such component that utilizes any fuel other than coal. The  
10 economic feasibility analysis shall consist of life-cycle cost comparisons of a  
11 component that would utilize coal and one(s) that would utilize any fuel other than  
12 coal. For the analysis, the Finance and Administration Cabinet shall provide  
13 detailed estimates of equipment purchase price, installation cost, annual operation  
14 and maintenance costs, and usage patterns of energy-using components.

15 ➔Section 2. KRS 56.463 is amended to read as follows:

16 The cabinet shall have the power and duty:

- 17 (1) To determine the comparative needs and demands of the various state agencies for  
18 acquiring real estate and for building projects;
- 19 (2) To purchase or otherwise acquire all real property determined to be needed for state  
20 use and upon the approval of the secretary of the Finance and Administration  
21 Cabinet as to the determination of need and as to the action of purchase or other  
22 acquisition, except as provided in KRS Chapters 175, 176, 177, and 180. All such  
23 acquisitions of real property or interests therein shall be made in accordance with  
24 KRS 45A.045;
- 25 (3) **(a)** To sell or otherwise dispose of all property, including any interest in real  
26 property, of the state that is not needed or has become unsuitable for public  
27 use or would be more suitable consistent with the public interest for some

1                   other use as determined by the secretary of the Finance and Administration  
2                   Cabinet. All such sales or other disposition shall be made in accordance with  
3                   KRS 45A.045.[-]

4                   **(b) A state agency notifying the Finance and Administration Cabinet of its**  
5                   **intent to dispose of any interest in real property assigned to the state agency**  
6                   **shall continue to provide maintenance and security of the existing**  
7                   **structures, buildings, and land included in the real property until the sale or**  
8                   **other disposition is complete in accordance with Section 1 of this Act.**

9                   (4) (a) To control the use of any real property owned or otherwise held by the  
10                   Commonwealth, or any state agency, and to determine for what periods of  
11                   time and for what purposes any state agency may use the same, including the  
12                   agency for whose use it was initially acquired or improved, and to determine  
13                   what appropriate uses shall be made of such real property during periods that  
14                   the cabinet finds the same is not required for the purposes of any particular  
15                   state agency. The cabinet shall allocate to the General Assembly and the  
16                   Legislative Research Commission all space within the New State Capitol  
17                   Annex in the basement and on the first, second, third, and fourth floors,  
18                   excluding:

- 19                   1. Mechanical areas, public entrances, vestibules, and restrooms; and
- 20                   2. The following additional space, as allocated on January 1, 2023:
  - 21                   a. Areas in the basement occupied by the Kentucky State Police and  
22                   Facilities Security;
  - 23                   b. Areas in the basement operated as the snack bar and cafeteria, as  
24                   well as storage areas related to the operation of the snack bar and  
25                   cafeteria;
  - 26                   c. The area in the basement operated as a nurse's station;
  - 27                   d. The area in the basement used as an automated teller machine

1 (ATM);

2 e. The office space in the basement occupied by the Secretary of

3 State;

4 f. Utility spaces in the basement west wing and east wing

5 northernmost hallways occupied by janitorial, maintenance, and

6 mechanical staff;

7 g. The loading dock in the rear of the annex basement, along with the

8 office space immediately adjacent to the loading dock on the back

9 wall of the annex, provided that the General Assembly and the

10 Legislative Research Commission shall be given access to and use

11 of the loading dock and the receiving areas adjacent to the loading

12 dock; and

13 h. Office and studio space on the first floor currently occupied and

14 used for broadcasting purposes by Kentucky Educational

15 Television.

16 All space assigned to the legislative branch and plans, uses, furnishings, and  
17 equipment therefor are subject to the specific approval of the Legislative  
18 Research Commission;

19 (b) All additional space in the New State Capitol Annex, not specifically  
20 allocated for use by the General Assembly and the Legislative Research  
21 Commission in paragraph (a) of this subsection, shall be allocated for the use  
22 of the legislative branch, with occupancy by the legislative branch to be  
23 determined by the Legislative Research Commission, upon a vote of a  
24 majority of the entire membership of the Legislative Research Commission;

25 (c) In order for the General Assembly and the Legislative Research Commission  
26 to efficiently utilize the space provided by paragraphs (a) and (b) of this  
27 subsection, the cabinet shall enter into a memorandum of understanding with

1 the Legislative Research Commission on or about February 1, 2024, and as  
2 often as every two (2) years thereafter at the request of the Legislative  
3 Research Commission, to establish tenancy terms, including but not limited to  
4 building maintenance, repairs, renovations, and upgrades; facility security;  
5 janitorial services; and applicable rental and utilities rates. The Legislative  
6 Research Commission shall at any time, and upon at least sixty (60) days'  
7 notice, be authorized to discontinue the cabinet's provision of janitorial  
8 services for the New State Capitol Annex and to enter into a separate contract  
9 for the provision of those services, with the applicable rental and utilities rates  
10 to be proportionately reduced to reflect that separate contract, provided that  
11 the Legislative Research Commission may also at any time, and upon at least  
12 sixty (60) days' notice, elect to have the cabinet continue or reinstate the  
13 provision of those janitorial services at the cabinet's expense;

14 (d) For the purposes of this subsection, real property shall include the parking  
15 areas adjacent to the New State Capitol and the New State Capitol Annex, and  
16 the cabinet shall allocate to the General Assembly and the Legislative  
17 Research Commission all parking spaces within the Capitol campus parking  
18 garage, all parking spaces in the east, south, and west parking lots of the New  
19 State Capitol Annex, and all parking spaces in the west parking lot of the New  
20 State Capitol, except for those spaces in the west parking lot of the New State  
21 Capitol allocated, as of January 1, 2023, to the Supreme Court of Kentucky,  
22 the Lieutenant Governor, the Attorney General, and the Secretary of State.  
23 Any further allocation of any parking spaces allocated pursuant to this  
24 paragraph shall be within the sole discretion of the Legislative Research  
25 Commission or its designee; and

26 (e) To determine the housing and furnishings needs of the various state agencies  
27 located in Frankfort and to establish and put into effect a permanent program

1 for housing them. Subject to paragraphs (a) and (b) of this subsection, the  
2 cabinet is also authorized and directed to allocate office space and furnishings  
3 in existing public buildings located in Frankfort, exclusive of the third and  
4 fourth floors of the New State Capitol and the space in the New State Capitol  
5 Annex allocated to the legislative branch, according to the needs of the  
6 various agencies. When necessary, the cabinet is authorized to provide  
7 additional office space and furnishings in Frankfort under any building  
8 program the cabinet deems most advisable and economical for the state. The  
9 permanent housing program shall include provisions for housing the General  
10 Assembly and its related agencies, including the Legislative Research  
11 Commission, and its subcommittees, the executive offices, the Supreme Court  
12 and the clerk of the Supreme Court, the Department of Law and the law  
13 library, in the New State Capitol, provided the General Assembly and the  
14 Legislative Research Commission shall have complete control and exclusive  
15 use of the third and fourth floors of the New State Capitol and shall have  
16 exclusive use of the space in the New State Capitol Annex allocated to them  
17 under paragraphs (a) and (b) of this subsection. If there be any additional  
18 space in the Capitol, it shall be assigned to agencies whose activities are most  
19 closely related to the agencies directed to be located permanently in the  
20 Capitol;

21 (5) To acquire, by condemnation in the manner provided in the Eminent Domain Act of  
22 Kentucky, any real estate necessary for use by the state or by any state agency,  
23 when the cabinet is unable to agree with the owner thereof on a price for such real  
24 estate;

25 (6) To lease any real property, or any interest in such real property, owned by the state  
26 or any agency thereof, in accordance with KRS 45A.045;

27 (7) To provide for and adopt plans and specifications as may be necessary, to provide

1       adequate public notice for and receive bids for any expenditures proposed to be  
2       made, to award contracts for the purpose authorized, to supervise construction and  
3       make changes and revisions in plans and specifications or in construction as may  
4       become necessary, and generally to do any and all other things as may become  
5       necessary or expedient in order to effectively fulfill and carry out the purposes of  
6       this chapter, including the right to employ clerks, engineers, statisticians, architects,  
7       or other persons required to be employed in order to fulfill the functions of the  
8       Commonwealth relating to state property and buildings provided in KRS 56.450 to  
9       56.550; and

10     (8) To adopt rules and promulgate administrative regulations as may be necessary to  
11       govern the acquisition, control, and disposition of the real property to which this  
12       section is applicable.

13     ➔Section 3. KRS 27A.210 is amended to read as follows:

14     (1) The following books and records shall be maintained by the State Law Library:  
15       (a) All copies of Volumes 1 to 77 of the Kentucky Reports;  
16       (b) Twenty-five (25) copies each of Volumes 78 to 314 of the Kentucky Reports;  
17       (c) Two (2) sets of all future publications of the journals and nine (9) sets of the  
18       Acts of the General Assembly; and  
19       (d) Two (2) sets of the official Kentucky statute publications.

20     (2) The state law librarian shall arrange with the proper official of each state of the  
21       United States and of the United States and its territories for the exchanges of the  
22       statutes and the acts of the legislatures of each state and of Congress. When an  
23       exchange is agreed upon, the state law librarian shall send to the officer one (1)  
24       copy of the Acts of the General Assembly and one (1) set of statutes as soon as they  
25       are ready for distribution.

26     (3) Copies of acts, statutes, and other materials required to be kept by the state law  
27       librarian and to be made available for exchange shall be furnished to the state law

1       librarian, without charge, by the agency or official responsible for the distribution  
2       of same.

3       (4) The state law librarian may arrange for the distribution or disposal of materials held  
4       by the State Law Library upon concurrence of the administrative assistant to the  
5       Chief Justice responsible for law library operations.

6       (5) The state law librarian may acquire, by purchase, exchange, donation, or otherwise,  
7       books and other materials the librarian deems suitable for the holdings of the State  
8       Law Library.

9       (6) The state law librarian may, with the concurrence of the administrative assistant to  
10      the Chief Justice responsible for law library operations, sell any surplus books in  
11      the State Law Library that have a market value, collect the funds received therefor,  
12      and deposit them in the ~~["]state law library surplus books fund,["]~~ which is hereby  
13      created in the State Treasury. The ~~["]state law library surplus books fund["]~~ shall  
14      not lapse. The state law librarian may reinvest the funds in other books and  
15      materials that the librarian deems suitable for the holdings of the State Law Library.  
16      The provisions of KRS 45A.045~~(6)~~~~(5)~~ concerning the powers and duties of the  
17      Finance and Administration Cabinet shall not apply to sales made by the state law  
18      librarian under this section.

19       (7) The state law librarian may, with the concurrence of the administrative assistant to  
20      the Chief Justice responsible for law library operations, offer and provide technical  
21      and other assistance to county law libraries and to other publicly funded law  
22      libraries.

23       (8) The state law librarian may, upon the request of a county law library or other  
24      publicly funded law library and with the concurrence of the administrative assistant  
25      to the Chief Justice responsible for law library operations, purchase books, supplies,  
26      or other materials for the library. The funds used for these purposes shall be those  
27      of the county law library or other publicly funded law library.

1       (9) The state law librarian shall issue, with the concurrence of the administrative  
2       assistant to the Chief Justice responsible for law library operations, regulations for  
3       the operation, management, and lending policy of the State Law Library.

4       ➔Section 4. KRS 45A.050 is amended to read as follows:

5       (1) Except as provided in KRS 45A.800 to 45A.835 and KRS Chapters 175, 176, 177,  
6       and 180, all rights, powers, duties, and authority relating to the procurement of  
7       supplies, services, and construction, and the management, control, warehousing,  
8       sale, and disposal of supplies, services, and construction now vested in or exercised  
9       by any state agency under the several statutes relating thereto, are hereby  
10      transferred to the secretary of the Finance and Administration Cabinet as provided  
11      in this code, subject to the provisions of subsection (2) of this section.

12      (2) Unless otherwise ordered by the secretary of the Finance and Administration  
13      Cabinet, the acquisition of the following shall not be required through the Finance  
14      and Administration Cabinet:

15       (a) Works of art for museum and public display;  
16       (b) Published books, maps, periodicals, and technical pamphlets; and  
17       (c) Services of visiting speakers, professors, and performing artists.

18      (3) The Finance and Administration Cabinet shall include in all state agency price  
19      contracts for the purchase of materials or supplies a provision that, as approved by  
20      the secretary of the Finance and Administration Cabinet, any political subdivision,  
21      including cities of all classes, counties, school districts, or special districts, may  
22      participate in these contracts to the same extent as the Commonwealth. Any  
23      political subdivision may purchase materials and supplies in accordance with a  
24      contract for supplies and materials entered into by the Finance and Administration  
25      Cabinet for the Commonwealth, including those contracts negotiated by the cabinet  
26      with vendors who maintain a General Services Administration price agreement as  
27      provided in KRS 45A.045(9)(8). Political subdivisions of the Commonwealth

1 must comply with other provisions of the Kentucky Revised Statutes which require  
2 purchase by competitive bidding, before participating in the contract, unless the  
3 state contract has been let by competitive bidding, or the contract was negotiated as  
4 provided in KRS 45A.045(9)~~(8)~~.

5 (4) The Finance and Administration Cabinet shall inform the Department for Local  
6 Government, which shall then inform the appropriate purchasing agent of each  
7 political subdivision interested in participating under this section, of all state agency  
8 contracts in effect between the Commonwealth and vendors.

9 (5) The secretary of the Finance and Administration Cabinet shall promulgate  
10 administrative regulations necessary for the implementation of this section and  
11 necessary to provide that the Commonwealth be reimbursed for any additional  
12 expenses incurred by the Commonwealth in allowing political subdivisions to  
13 participate in contracts with vendors.

14 (6) The Finance and Administration Cabinet shall comply with all provisions relating  
15 to the methods of purchasing in the Kentucky Revised Statutes. This section is not  
16 intended to repeal or otherwise affect any provision of the Kentucky Revised  
17 Statutes regarding purchasing methods of the Finance and Administration Cabinet.

18 (7) Notwithstanding any other statute to the contrary, all public agencies as defined in  
19 KRS 45A.490 shall comply with the provisions for reciprocal preference for  
20 resident bidders in KRS 45A.490 to 45A.494.

21 ➔Section 5. KRS 45A.300 is amended to read as follows:

22 (1) Any public purchasing unit may either participate in, sponsor, conduct, or  
23 administer a cooperative purchasing agreement for the acquisition of any supplies,  
24 services, or construction with any other public purchasing unit or foreign  
25 purchasing activity, in accordance with an agreement entered into between the  
26 participants. This cooperative purchasing may include, but is not limited to, joint  
27 contracts between public purchasing units and access by local public purchasing

1           units to open-ended state public purchasing unit contracts.

2   (2) Nothing in this code shall limit any public purchasing unit from selling to, acquiring  
3           from, or using any property belonging to another public purchasing unit or foreign  
4           purchasing activity independent of the requirements of KRS 45A.070 to 45A.180.

5   (3) Nothing in this code shall limit or restrict any public purchasing unit from entering  
6           into an agreement, independent of the requirements of KRS 45A.045(6)(5) and  
7           KRS 45A.070 to 45A.165, with any other public purchasing unit or foreign  
8           purchasing activity for the cooperative use of supplies or services.

9   (4) Any public purchasing unit may enter into an agreement for the joint or common  
10           use of warehousing facilities or the lease or common use of capital equipment or  
11           facilities with any other public purchasing unit or a foreign purchasing activity  
12           subject to the terms as may be agreed upon between the parties.

13   (5) Nothing in this code shall limit or restrict the ability of local school districts to  
14           acquire supplies outside of the public purchasing agreements when the supplies and  
15           equipment meeting the same specifications as the contract items are available at a  
16           lower price elsewhere and the purchase does not exceed two thousand five hundred  
17           dollars (\$2,500).

18   (6) Nothing in this code shall limit any public purchasing unit from receiving notice of  
19           or accepting a price reduction on supplies or equipment when the supplies or  
20           equipment are being offered by the vendor with whom a price agreement has been  
21           made; the supplies or equipment are being offered in accordance with all terms and  
22           conditions that are specified in the price agreement, except those relating to price;  
23           and the price reduction is offered to all of the participants in the price agreement.  
24           Public purchasing units may accept special price reductions under this subsection  
25           even if the reduced price requires the purchase of a specified quantity of units  
26           different from the quantity stated in the original price agreement. Price reductions  
27           under this subsection shall not be considered to permanently alter the price of the

1 supplies or equipment under the price agreement with the Commonwealth, except  
2 where the price reductions are to be made permanent under the express terms of the  
3 price agreement and where the purchasing agency which solicited the price  
4 agreement determines that the enforcement of those terms serves the best interest of  
5 the Commonwealth.

6 (7) The Finance and Administration Cabinet shall not exclude the Department of Fish  
7 and Wildlife Resources from, or interfere with the department's participation in, any  
8 contracts available to multiple state agencies for the procurement of goods or  
9 services, including but not limited to interfering with the department's electronic  
10 access to the statewide accounting system in any way.

11 ➔Section 6. KRS 45A.810 is amended to read as follows:

12 (1) (a) One (1) or more architectural services selection committees and one (1) or  
13 more engineering or engineering-related services selection committees shall  
14 be created in the Finance and Administration Cabinet.

15 (b) One (1) or more engineering and engineering-related services selection  
16 committees shall be created in the Transportation Cabinet.

17 (c) One (1) or more engineering and engineering-related services selection  
18 committees shall be created in the Department of Fish and Wildlife  
19 Resources.

20 (2) Except when an emergency condition exists as defined by KRS 45A.095(1)(a),  
21 when architectural, engineering, or engineering-related services are procured under  
22 KRS 45A.837 and 45A.838, or when the project is constructed under KRS  
23 45A.045(12)(a) or (b)~~[(11)(a) or (b)]~~:

24 (a) An architectural services selection committee created in the Finance and  
25 Administration Cabinet shall participate in every instance of that cabinet's  
26 procuring architectural services for its own needs and the needs of other  
27 agencies, and upon request from the commissioner of the Department of Fish

1 and Wildlife Resources, shall assist and participate in that department's  
2 procuring of architectural services;

3 (b) An engineering and engineering-related services selection committee created  
4 in the Finance and Administration Cabinet shall participate in every instance  
5 of that cabinet's procuring engineering or engineering-related services;

6 (c) An engineering and engineering-related services selection committee created  
7 in the Transportation Cabinet shall participate in every instance of that  
8 cabinet's procuring engineering or engineering-related services; and

9 (d) An engineering and engineering-related services selection committee created  
10 in the Department of Fish and Wildlife Resources shall participate in every  
11 instance of that department's procuring of engineering or engineering-related  
12 services.

13 (3) An architectural services selection committee created in the Finance and  
14 Administration Cabinet to perform its own procurement and assist other state  
15 agencies with procuring architectural services shall consist of six (6) or more  
16 members selected in the manner specified within each paragraph:

17 (a) Two (2) architects. The secretary of the Finance and Administration Cabinet  
18 shall appoint a pool of at least six (6) architects who are employees of the  
19 cabinet. At least three (3) of the architects shall be merit employees of the  
20 cabinet. The secretary, or designee, under the supervision of the Auditor of  
21 Public Accounts, or designee, shall randomly select architects from the pool.  
22 The first employee selected shall be placed on the selection committee. If the  
23 first employee selected is a merit employee, the second employee selected  
24 shall be placed on the selection committee. If the first employee selected is a  
25 nonmerit employee, the selection process shall continue until a merit  
26 employee is selected. That merit employee shall be placed on the selection  
27 committee;

- (b) One (1) or more additional employees of the Department for Facilities Management, appointed by the commissioner of the Department for Facilities Management, to serve as a nonvoting technical adviser for a given project selection. Advisory members shall serve on a project-by-project basis and shall have the requisite knowledge, training, or experience pertaining to the professional requirements of the project;
- (c) Two (2) merit employees of the user agency appointed by the head of that agency to serve for the duration of the selection committee's participation in the project for which they were appointed by the user agency;
- (d) An individual. The Kentucky Society of Architects shall nominate nine (9) individuals, and the Governor shall appoint three (3) of these individuals to serve in the pool from which the secretary of the Finance and Administration Cabinet, or designee, under the supervision of the Auditor of Public Accounts, or designee, shall randomly select one (1) individual to serve on the committee;
- (e) One (1) or more merit employees of the Auditor of Public Accounts, appointed by the Auditor, who may, at the discretion of the Auditor, serve as nonvoting members of the committee. If one (1) employee is appointed, then that employee may attend any committee proceedings. If more than one (1) employee is appointed, then either of the employees may attend any committee proceeding; and
- (f) Upon completion of the selection process set forth in this subsection, the commissioner of the Department of Facilities Management shall submit a statement to the Auditor of Public Accounts attesting to full compliance with the selection process for each architectural firm appointed to provide architectural services. In addition, a complete record of the selection process for each project shall be maintained by the department and shall be subject to

1 audit by the Auditor of Public Accounts.

2 (4) The engineering and engineering-related services selection committee created in the

3 Finance and Administration Cabinet shall consist of six (6) or more members

4 selected in the manner specified in each paragraph:

5 (a) Two (2) engineers. The secretary of the Finance and Administration Cabinet

6 shall appoint a pool of at least six (6) engineers who are employees of the

7 cabinet. At least three (3) of the engineers shall be merit employees of the

8 cabinet. The secretary, or designee, under the supervision of the Auditor of

9 Public Accounts, or designee, shall randomly select engineers from the pool.

10 The first employee selected shall be placed on the selection committee. If the

11 first employee selected is a merit employee, the second employee selected

12 shall be placed on the selection committee. If the first employee selected is a

13 nonmerit employee, the selection process shall continue until a merit

14 employee is selected. That merit employee shall be placed on the selection

15 committee;

16 (b) Two (2) merit employees of the user agency appointed by the head of that

17 agency to serve for the duration of the selection committee's participation in

18 the project for which they were appointed by the user agency;

19 (c) An individual. The Kentucky Society of Professional Engineers and the

20 Kentucky Consulting Engineers Council shall together nominate nine (9)

21 individuals, and the Governor shall appoint three (3) of these individuals to

22 serve in the pool from which the secretary of the Finance and Administration

23 Cabinet, or designee, under the supervision of the Auditor of Public Accounts,

24 or designee, shall randomly select one (1) individual to serve on the

25 committee;

26 (d) One (1) or more merit employees of the Auditor of Public Accounts,

27 appointed by the Auditor, who may, at the discretion of the Auditor, serve as

1 nonvoting members of the committee. If one (1) employee is appointed, then  
2 that employee may attend any committee proceedings. If more than one (1)  
3 employee is appointed, then either of the employees may attend any  
4 committee proceeding;

5 (e) One (1) or more additional employees of the Department for Facilities  
6 Management to serve as nonvoting technical adviser for a specific project  
7 selection. Advisory members shall serve on a project-by-project basis and  
8 shall have the requisite knowledge, training, or experience pertaining to the  
9 professional requirements of the project; and

10 (f) Upon completion of the selection process set forth in this subsection, the  
11 commissioner of the Department of Facilities Management shall submit a  
12 statement to the Auditor of Public Accounts attesting to full compliance with  
13 the selection process for each firm appointed to provide engineering or  
14 engineering-related services. In addition, a complete record of the selection  
15 process for each project shall be maintained by the department and shall be  
16 subject to audit by the Auditor of Public Accounts.

17 (5) The engineering and engineering-related services selection committee created in the  
18 Transportation Cabinet shall consist of six (6) or more members selected in the  
19 manner specified in each paragraph:

20 (a) Two (2) engineers. The secretary of the Transportation Cabinet shall appoint a  
21 pool of six (6) engineers who are employees of the cabinet. At least three (3)  
22 of the engineers shall be merit employees of the cabinet. The secretary, or  
23 designee, under the supervision of the Auditor of Public Accounts, or  
24 designee, shall randomly select engineers from the pool. The first employee  
25 selected shall be placed on the selection committee. If the first employee  
26 selected is a merit employee, the second employee selected shall be placed on  
27 the selection committee. If the first employee selected is a nonmerit

1                   employee, the selection process shall continue until a merit employee is  
2                   selected. That merit employee shall be placed on the selection committee;

3                   (b) Two (2) engineers who are merit employees of the user division appointed by  
4                   the head of that division to serve for the duration of the selection committee's  
5                   participation in the project for which they were appointed by the user agency.  
6                   However, if two (2) user divisions have approximately equal responsibilities  
7                   or separate responsibilities for the project, each user division head shall  
8                   appoint one (1) member to the selection committee;

9                   (c) An individual. The Kentucky Society of Professional Engineers and the  
10                   Kentucky Consulting Engineers Council shall together nominate nine (9)  
11                   individuals, and the Governor shall appoint three (3) of these individuals to  
12                   serve in the pool from which the secretary of the Transportation Cabinet, or  
13                   designee, under the supervision of the Auditor of Public Accounts, or  
14                   designee, shall randomly select one (1) individual to serve on the committee;

15                   (d) One (1) or more merit employees of the Auditor of Public Accounts,  
16                   appointed by the Auditor, who may, at the discretion of the Auditor, serve as  
17                   nonvoting members of the committee. If one (1) employee is appointed, then  
18                   that employee may attend any committee proceedings. If more than one (1)  
19                   employee is appointed, then either of the employees may attend any  
20                   committee proceeding; and

21                   (e) Upon completion of the selection process set forth in this subsection, the  
22                   commissioner of the Department of Highways shall submit a statement to the  
23                   Auditor of Public Accounts attesting to full compliance with the selection  
24                   process for each firm appointed to provide engineering or engineering-related  
25                   services. In addition, a complete record of the selection process for each  
26                   project shall be maintained by the department and shall be subject to audit by  
27                   the Auditor of Public Accounts.

1       (6) The engineering and engineering-related services selection committee created  
2       within the Department of Fish and Wildlife Resources shall consist of six (6) or  
3       more members selected as follows:

4       (a) The commissioner of the Department of Fish and Wildlife Resources shall  
5       appoint five (5) members:

6           1. One (1) department employee in or designated to the job classification  
7           of Department of Fish and Wildlife Resources Project Manager;

8           2. Two (2) Department of Fish and Wildlife Resources employees in the  
9           Engineering and Geological series, at least one (1) of whom shall be a  
10          merit employee;

11          3. One (1) merit employee of the Department of Fish and Wildlife  
12          Resources designated by the division head for the project or by the  
13          commissioner; and

14          4. One (1) employee of the Department of Fish and Wildlife Resources  
15          who is an attorney;

16       (b) The Kentucky Society of Professional Engineers and the Kentucky Consulting  
17          Engineers Council shall together nominate nine (9) individuals, and the  
18          Governor shall select three (3) of these individuals to serve in a pool from  
19          which the commissioner of the Department of Fish and Wildlife Resources, or  
20          designee, under the supervision of the Auditor of Public Accounts, or  
21          designee, shall randomly select one (1) individual to serve on the committee;

22       (c) One (1) or more merit employees of the Auditor of Public Accounts,  
23          appointed by the Auditor, who may, at the discretion of the Auditor, serve as  
24          nonvoting members of the committee. If one (1) employee is appointed, then  
25          that employee may attend any committee proceedings. If more than one (1)  
26          employee is appointed, then either of the employees may attend any  
27          committee proceeding; and

1 (d) Upon completion of the selection process set forth in this subsection, the  
2 commissioner of the Department of Fish and Wildlife Resources shall submit  
3 a statement to the Auditor of Public Accounts attesting to full compliance  
4 with the selection process for each firm appointed to provide engineering or  
5 engineering-related services. A complete record of the selection process for  
6 each project shall be maintained by the Department of Fish and Wildlife  
7 Resources and shall be subject to audit by the Auditor of Public Accounts.

8 (7) (a) All selection committee members shall have experience which qualifies them  
9 to serve on the committee.

10 (b) The same appointment procedures set out in this section apply to any user  
11 agency or user division listed in subsection (3), (4), (5), or (6) of this section  
12 that does not operate under a merit system.

13 (c) Any individual appointed to serve in a pool from which selection committee  
14 members are drawn shall serve in the pool for an initial one (1) year term and  
15 may be reappointed. He or she shall serve until his or her successor is  
16 appointed and qualified. A successor or a replacement, in the case of a  
17 vacancy in the pool, shall be appointed in the same manner as the initial  
18 appointee. If a selection committee member, drawn from a pool, leaves a  
19 selection committee, his or her replacement shall be drawn from the pool in  
20 the same manner as he or she. The replacement shall have the merit or  
21 nonmerit status of his or her predecessor.

22 (d) Any individual appointed by the Auditor of Public Accounts to serve on  
23 selection committees shall serve an initial one (1) year term and may be  
24 reappointed to succeed himself or herself. He or she shall serve until his or her  
25 successor is appointed and qualified. A successor or a replacement, in the case  
26 of a vacancy, shall be appointed in the same manner as the initial appointee.

27 (e) The selection committee members appointed by the head of a user agency or

1           user division shall serve on a project-by-project basis. These members shall  
2           participate only in committee action related to the project for which they were  
3           appointed. A replacement, in the case of a vacancy, shall be appointed in the  
4           same manner as the initial appointee.

5           ➔Section 7. KRS 56.774 is amended to read as follows:

- 6       (1) The Energy Efficiency Program for State Government Buildings shall provide for  
7           implementation of low cost/no cost energy conservation measures, engineering  
8           analyses, energy efficiency measures, building improvements, and monitoring of  
9           results for state-owned or state-leased buildings.
- 10      (2) Any engineering analysis conducted on a state-owned building shall assess the  
11           energy efficiency of the building and make recommendations for improving the  
12           efficient use of energy within the building. The analyses shall be performed by  
13           qualified engineers, architects, or other persons trained in energy efficiency who  
14           may be employees of the cabinet or employed pursuant to KRS Chapter 45A,  
15           except that any engineers, architects or other persons trained in energy efficiency  
16           and retained under a guaranteed energy savings performance contract, shall not be  
17           subject to the provisions of KRS 45A.800 to 45A.835.
- 18      (3) Except as provided in subsection (5) of this section, measures to improve the energy  
19           efficiency of a state-owned building, which have an aggregate simple payback  
20           period of five (5) years or less, shall be implemented as general fund appropriations  
21           become available. No more than five percent (5%) of the cost of energy  
22           conservation measures for a building may be utilized for monitoring the results.
- 23      (4) If general fund appropriations are available for energy conservation improvements,  
24           the cabinet shall prioritize projects among the various state-owned buildings to  
25           determine which projects shall be implemented to best utilize the available funding.
- 26      (5) If general fund appropriations are unavailable, energy conservation measures for a  
27           state-owned building may be financed by other means. These other means include

1       but are not limited to guaranteed energy savings performance contracts as defined  
2       under KRS 56.770 entered into pursuant to KRS 45A.085 and KRS  
3       45A.045(11)~~(10)~~. Guaranteed energy savings performance contracts shall not be  
4       subject to the provisions of KRS 45A.800 to 45A.835. These energy conservation  
5       measures shall not be limited to those that have an aggregate simple payback period  
6       of five (5) years or less, but shall result in reasonable economic benefit to the  
7       Commonwealth. Ownership of the energy conservation measures shall be  
8       transferred to the Commonwealth upon completion of the guaranteed energy  
9       savings performance contract or as otherwise agreed upon in the contract. Savings  
10      from the implementation of the energy conservation measures under the guaranteed  
11      energy savings performance contract shall be used to satisfy the obligations under  
12      the guaranteed energy savings performance contract and to repay the cost of the  
13      other means used to finance the energy conservation measures, and may be used to  
14      repay expenses incurred by the cabinet to reimburse the cabinet for expenses related  
15      to the guaranteed energy savings performance contract, including but not limited to  
16      staff time for monitoring, overseeing, and managing the project. Notwithstanding  
17      KRS 45.229, remaining savings shall remain in the state agency account and shall  
18      not lapse. All savings projected under a guaranteed energy savings performance  
19      contract shall be guaranteed to the Commonwealth.

20      (6) The savings in reduced expenditures that are specified as payment sources shall be  
21      documented in the guaranteed energy savings performance contract. Savings shall  
22      be determined by using one (1) of the measurement and verification methodologies  
23      listed in the United States Department of Energy's "International Performance  
24      Measurement and Verification Protocol." If specific data limitations or documented  
25      unique characteristics of the project prevent use of the "International Performance  
26      Measurement and Verification Protocol," an alternative method that is compatible  
27      shall be adopted upon documentation and approval of the secretary of the cabinet.

1            ➔Section 8. KRS 56.782 is amended to read as follows:

2     The cabinet shall report on or before October 15, 2008, and on or before every October  
3     15 thereafter to the Legislative Research Commission on progress made to maximize the  
4     use of energy-efficiency measures in state government. The Legislative Research  
5     Commission shall transmit the report to the appropriate interim joint committees and to  
6     the General Assembly when it convenes. The report shall include but not be limited to:

7        (1) A summary of initiatives undertaken by the cabinet during the reporting period to  
8        promote adoption of low cost/no cost energy-efficiency measures, including  
9        employee training efforts;

10       (2) A summary of energy-efficiency measures installed and energy improvements  
11       made during the reporting period;

12       (3) Energy consumption and expenditure data for facilities owned or leased by state  
13       government and any documented savings made as a result of energy-efficiency  
14       measures and improvements;

15       (4) Status report on the number of buildings newly constructed, renovated, or leased in  
16       accordance with the high-performance building standards required under KRS  
17       56.777 and the amount of savings realized based upon a life-cycle cost analysis;

18       (5) Any efforts made during the reporting period to promote acquisition of energy-  
19       efficient products pursuant to KRS 45A.045(13)+(12) and the amount of savings  
20       expected to be realized in the first year of operation from the purchase of ENERGY  
21       STAR-qualified products pursuant to KRS 56.775;

22       (6) Any recommendations for future funding of energy improvements or other  
23       measures needed to assure energy efficiency in state government; and

24       (7) Any improvements in energy efficiency planned or realized through the use of the  
25       LEED rating system, the Green Globes rating system, ENERGY STAR-qualified  
26       products, and guaranteed energy savings performance contracts.