

1 AN ACT relating to public schools, making an appropriation therefor, and declaring
2 an emergency.

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

4 ➔Section 1. KRS 157.615 is amended to read as follows:

5 As used in KRS 157.611 to 157.640, unless the context requires otherwise:

- 6 (1) "Available local revenue" means the sum of the school building fund account
7 balance; the bonding potential of the capital outlay and building funds; and the
8 capital outlay fund account balance on June 30 of odd-numbered years. These
9 accounts shall be as defined in the manual for Kentucky school financial accounting
10 systems;
- 11 (2) "Board of education" means the governing body of a county school district or an
12 independent school district;
- 13 (3) "Bonds" or "bonds of the commission" means bonds issued by the commission, or
14 issued by a city, county, or other agency or instrumentality of the Board of
15 Education, in accordance with KRS Chapter 162, payable as to principal and
16 interest from rentals received from a board of education or from the department
17 pursuant to a lease or from contributions from the commission, and constitute
18 municipal bonds exempt from taxation under the Constitution of the
19 Commonwealth;
- 20 (4) "Department" means the State Department of Education;
- 21 (5) "District technology plan" means the plan developed by the local district and the
22 Department of Education and approved by the Kentucky Board of Education upon
23 the recommendation of the Council for Education Technology;
- 24 (6) "Equivalent tax rate" means the rate which results when the income from all taxes
25 levied by the district for school purposes is divided by the total assessed value of
26 property plus the assessment for motor vehicles certified by the Department of
27 Revenue as provided by KRS 160.470;

- 1 (7) "Kentucky Education Technology System" means the statewide system set forth in
2 the technology master plan issued by the Kentucky Board of Education with the
3 recommendation of the Council for Education Technology and approved by the
4 Legislative Research Commission;
- 5 (8) "Lease" or "lease instrument" means a written instrument for the leasing of one (1)
6 or more school projects executed by the commission as lessor and a board of
7 education as lessee, or executed by the commission as lessor and the department as
8 lessee, as the case may be;
- 9 (9) "Lease/purchase agreement" means a lease between the school district or the
10 department and a vendor that includes an option to purchase the technology
11 equipment or software at the end of the lease period;
- 12 (10) "Percentage discount" means the degree to which the commission will participate in
13 meeting the bond and interest redemption schedule required to amortize bonds
14 issued by the commission on behalf of a local school district;
- 15 (11) "Project" means a defined item of need to construct new facilities or to provide
16 major renovation of existing facilities which is identified on the priority schedule of
17 the approved school facilities plan;
- 18 (12) "School facilities plan" means the plan developed pursuant to the survey specified
19 by KRS 157.420 and by administrative regulations of the Kentucky Board of
20 Education;
- 21 (13) "Technology master plan" means the long-range plan for the implementation of the
22 Kentucky Education Technology System as developed by the Council for Education
23 Technology and approved by the Kentucky Board of Education and the Legislative
24 Research Commission;
- 25 (14) **"Traditional school building" means a school building where regular instruction**
26 **occurs for the general education of students and does not include facilities that**
27 **are solely used to provide specialized instruction or programming to students;**

1 (15) "Unmet facilities need" means the total cost of new construction and major
2 renovation needs as shown by the approved school facilities plan less any available
3 local revenue;

4 (16)~~[(15)]~~ "Unmet technology need" means the total cost of technology need as shown
5 by the approved technology plan of the local district; and

6 (17)~~[(16)]~~ "Eligible district" means any local school district having an unmet facilities
7 need, as defined in this section, in excess of one hundred thousand dollars
8 (\$100,000) or a district qualifying for education technology funding.

9 ➔Section 2. KRS 157.621 is amended to read as follows:

10 (1) In addition to the levy required by KRS 157.440(1)(b) to participate in the Facilities
11 Support Program of Kentucky, local school districts that have made the levy
12 required by KRS 157.440(1)(b) are authorized to levy the following additional
13 equivalent rates to support debt service, new facilities, or major renovations of
14 existing school facilities, which levies shall not be subject to recall under any
15 provision of the Kentucky Revised Statutes, or to voter approval under the
16 provisions of KRS 157.440(2):

17 (a) 1. Prior to April 24, 2008, local school districts that have experienced
18 student population growth during a five (5) year period may levy an
19 additional five cents (\$0.05) equivalent rate for debt service and new
20 facilities. The tax rate levied by the district under this provision shall not
21 be equalized by state funding, except as provided in paragraph (b) of
22 this subsection. Any levy imposed under this paragraph prior to April
23 24, 2008, by a local school district shall continue until removed by the
24 local school district.

25 2. A local school district shall meet the following criteria in order to levy
26 the tax provided in subparagraph 1. of this paragraph:

27 a. Growth of at least one hundred fifty (150) students in average

- 1 daily attendance and three percent (3%) overall growth for the five
2 (5) preceding years;
- 3 b. Bonded debt to the maximum capability of at least eighty percent
4 (80%) of capital outlay from the Support Education Excellence in
5 Kentucky funding program, all revenue from the local facility tax,
6 and all receipts from state equalization on the local facility tax;
- 7 c. Current student enrollment in excess of available classroom space;
8 and
- 9 d. A local school facility plan that has been approved by the
10 Kentucky Board of Education and certified to the School Facilities
11 Construction Commission;
- 12 (b) 1. In addition to the levy authorized by paragraph (a) of this subsection, a
13 local school district may levy an additional five cents (\$0.05) equivalent
14 rate under the same terms and conditions established by paragraph (a) of
15 this subsection beginning in fiscal year 2003-2004 if the levy was made
16 prior to April 24, 2008, and if the local school district:
- 17 a. Levied the five cents (\$0.05) equivalent rate authorized by
18 paragraph (a) of this subsection; and
- 19 b. Still meets the requirements established by paragraph (a)2. of this
20 subsection.
- 21 2. Any school district that imposes both the levy authorized by paragraph
22 (a) of this subsection and the additional levy authorized by subparagraph
23 1. of this paragraph shall receive equalization funding from the state for
24 the levy imposed by paragraph (a) of this subsection beginning in fiscal
25 year 2003-2004. Equalization shall be provided at one hundred fifty
26 percent (150%) of the statewide average per pupil assessment, subject to
27 the provision of funding by the General Assembly. Equalization funds

1 shall be used as provided in KRS 157.440(1)(b).

2 3. Any levy imposed under this paragraph prior to April 24, 2008, by a
3 local school district shall continue until removed by the local school
4 district; and

5 (c) 1. A local school district that meets the following conditions may levy an
6 additional five cents (\$0.05) equivalent rate on and after April 24, 2008:

7 a. The local school district is located in a county that will have more
8 students as a direct result of the new mission established for Fort
9 Knox by the Base Realignment and Closure (BRAC) 2005 issued
10 by the United States Department of Defense pursuant to the
11 Defense Base Closure and Realignment Act of 1990, Pub. L. No.
12 100-526, Part A of Title XXIX of 104 Stat. 1808, 10 U.S.C. sec.
13 2687 note; and

14 b. The commissioner of education has determined, based upon the
15 presentation of credible data, that the projected increased number
16 of students is sufficient to require new facilities or the major
17 renovation of existing facilities to accommodate the new students,
18 and has approved the imposition of the additional levy.

19 2. Any local school district that imposes both the levy authorized by
20 paragraph (a) of this subsection and the additional levy authorized by
21 subparagraph 1. of this paragraph, and that has not received equalization
22 funding under subsection (2) or (3) of this section, shall receive
23 equalization funding from the state for the levy imposed by paragraph
24 (a) of this subsection beginning in the fiscal year following the fiscal
25 year in which the levy authorized by subparagraph 1. of this paragraph
26 is imposed. Equalization shall be provided at one hundred fifty percent
27 (150%) of the statewide average per pupil assessment, subject to the

1 provision of funding by the General Assembly. Equalization funds shall
2 be used as provided in KRS 157.440(1)(b).

- 3 3. Any levy imposed under this paragraph by a local school district shall
4 continue until removed by the local school district.

5 (d) 1. A local school district may levy an additional five cents (\$0.05)
6 equivalent rate beginning August 1, 2026, that shall not be subject to
7 recall, if the local school district:

8 a. Either has a:

9 i. Local school facility plan under this section as of
10 December 31, 2025, that contains a traditional school
11 building designated as a transitional center under KRS
12 157.420 and the plan indicates the consolidation of that
13 traditional school building into another school; or

14 ii. Traditional school building with an average daily
15 attendance of fewer than one hundred fifty (150) students
16 for at least three (3) consecutive years and has complied
17 with subsection (3) of Section 3 of this Act by either
18 submitting a school facility plan that closes and
19 consolidates that traditional school building with another
20 facility or modifying the district's attendance areas to raise
21 that traditional school building's average daily attendance
22 above two hundred (200) students;

23 b. Has not authorized more than two (2) of the levies established
24 under:

25 i. Subsection (1)(a) of this section;

26 ii. Subsection (1)(b) of this section;

27 iii. Subsection (1)(c) of this section;

- 1 iv. Subsection (2) of this section; or
- 2 v. KRS 157.440(1)(b); and
- 3 c. Has insufficient bonding capacity to either:
- 4 i. Improve the facility into which the traditional school
- 5 building will be consolidated under subparagraph a.i. of
- 6 this paragraph; or
- 7 ii. Improve the facility or facilities necessary to carry out
- 8 subparagraph a.ii. of this paragraph.
- 9 2. A local school district that has authorized the levy in subparagraph 1.
- 10 of this paragraph may levy an additional five cents (\$0.05) equivalent
- 11 rate that shall not be subject to recall beginning August 1, 2027, if the
- 12 local board of education adopts a resolution determining that the levy
- 13 raised under subparagraph 1. of this paragraph is insufficient to:
- 14 a. Improve the facility into which the traditional school building
- 15 will be consolidated under subparagraph 1.a.i. of this paragraph;
- 16 or
- 17 b. Improve the facility or facilities necessary to carry out
- 18 subparagraph 1.a.ii. of this paragraph.
- 19 3. Any levy established under subparagraph 1. or 2. of this paragraph
- 20 shall expire after twenty-five (25) years.
- 21 4. Any levies authorized by subparagraphs 1. and 2. of this paragraph
- 22 shall receive equalization funding from the state. Equalization shall be
- 23 provided at one hundred fifty percent (150%) of the statewide average
- 24 per pupil assessment, subject to the provision of funding by the
- 25 General Assembly. Equalization funds shall be used as provided in
- 26 KRS 157.440(1)(b).
- 27 5. Equalization provided under subparagraph 4. of this paragraph shall

1 be suspended for a school district if, after five (5) years from the
 2 substantial completion of renovation or construction of a new
 3 traditional school building, the school district has failed to consolidate
 4 and close the existing traditional school building or modify the
 5 district's attendance areas to raise the existing traditional school
 6 building's average daily attendance above two hundred (200) students.
 7 The suspension of equalization shall continue until the failure is
 8 corrected.

9 (2) (a) Any local school district that, prior to April 27, 2016, levied an equivalent rate
 10 that:

- 11 1. Was subject to recall at the time it was levied; and
- 12 2. Included a rate of at least five cents (\$0.05) equivalent rate for the
- 13 purpose of debt service for school construction or major renovation of
- 14 existing school facilities;

15 shall be eligible for retroactive equalization from the state for that levy at one
 16 hundred fifty percent (150%) of the statewide average per pupil assessment
 17 beginning in fiscal year 2003-2004, subject to the fiscal condition of the
 18 Commonwealth and the provision of funding by the General Assembly.
 19 Equalization funds shall be used as provided in KRS 157.440(1)(b).

20 (b) It is the intent of the General Assembly that for levies described in this
 21 subsection that are imposed on or after April 27, 2016, equalization funds, if
 22 provided by the General Assembly, shall terminate upon the earlier of June
 23 30, 2038, or the date the bonds for the local school district supported by this
 24 equalization funding are retired. Equalization shall be subject to the fiscal
 25 condition of the Commonwealth and the provision of funding by the General
 26 Assembly.

27 (3) Any local school district that:

- 1 (a) Levied an equivalent tax rate as of April 24, 2008, that included at least ten
2 cents (\$0.10) that was devoted to building purposes, or that had debt service
3 corresponding to a ten cents (\$0.10) equivalent rate;
- 4 (b) Did not receive equalized growth funding pursuant to subsection (1)(b)2. of
5 this section; and
- 6 (c) Has been approved by the commissioner of education;
- 7 shall be eligible for equalization from the state for that levy at one hundred fifty
8 percent (150%) of the statewide average per pupil assessment beginning in fiscal
9 year 2005-2006, subject to the provision of funding by the General Assembly.
10 Equalization funds shall be used as provided in KRS 157.440(1)(b). Equalization
11 funds shall be available to a local school district pursuant to this subsection until the
12 earlier of June 30, 2038, or the date the bonds for the local school district supported
13 by this equalization funding are retired.
- 14 (4) (a) Notwithstanding any other provision of this section, any local school district
15 receiving equalization funding prior to April 27, 2016, related to an equivalent
16 rate levy described in subsection (1), (2), (3), or (5) of this section shall
17 continue to receive the equalization funding related to the applicable
18 equivalent rate levy, subject to the limitations established by subsections (1),
19 (2), (3), and (5) of this section, and subject to the fiscal condition of the
20 Commonwealth and the provision of funding by the General Assembly, until
21 amended by subsequent action of the General Assembly. A local school
22 district described in this paragraph shall not be eligible to receive equalization
23 for any additional equivalent rate levies made by it on or after April 27, 2016.
- 24 (b) Notwithstanding any other provision of this section, any local school district
25 that has imposed an equivalent rate levy described in subsection (1)(a) or (b)
26 or (2) of this section prior to April 27, 2016, that qualifies for equalization but
27 that has not yet received equalization funding shall be eligible for equalization

1 funding as provided in subsection (1)(a) or (b) or (2) of this section, subject to
2 the provision of funding by the General Assembly.

3 (c) On and after April 24, 2008, a local school district not included in paragraph
4 (a) or (b) of this subsection shall be prohibited from imposing an equivalent
5 rate levy under the provisions of subsection (1)(a) or (b) of this section, and
6 shall not be eligible for equalization funding under the provisions of this
7 section.

8 (d) On and after April 24, 2008, a local school district meeting the requirements
9 of subsection (1)(c) of this section may impose the levy authorized by
10 subsection (1)(c) of this section, and shall qualify for equalization as provided
11 in subsection (1)(c) of this section, subject to the provision of funding by the
12 General Assembly.

13 (5) (a) Any local school district that:

- 14 1. Had school facilities classified as Category 5 on May 18, 2010, by the
15 Kentucky Department of Education; and
- 16 2. Levied an additional five cents (\$0.05) equivalent tax rate prior to April
17 27, 2016, for debt service, new construction, and major renovation
18 beyond the five cents (\$0.05) equivalent tax rate required by KRS
19 157.440(1)(b), except as provided in paragraph (b) of this subsection;

20 shall be eligible for equalization from the state for that levy at one hundred
21 fifty percent (150%) of the statewide average per pupil assessment beginning
22 in the fiscal year following the fiscal year in which the levy was imposed.
23 This levy shall be subject to the recall provisions of KRS 132.017.

24 (b) School districts that levied a five cents (\$0.05) equivalent tax rate for debt
25 service, new construction, and major renovation, beyond the rate required by
26 KRS 157.440(1)(b) prior to May 18, 2010, shall not be required to levy an
27 additional tax to receive the equalization funds provided in paragraph (a) of

1 this subsection.

2 (c) *Any local school district receiving equalization under this subsection shall*
 3 *receive full calculated equalization until the earlier of twenty (20) years*
 4 *after the effective date of this Act, or the date the bonds for the local school*
 5 *district supported by this equalization are retired*~~[If the school district~~
 6 ~~utilizes the equalization funds to support a bond issue for construction~~
 7 ~~purposes, equalization funds shall be provided until the earlier of twenty (20)~~
 8 ~~years or date the bonds are retired].~~

9 (d) In the event that a school district receives funding pursuant to this subsection
 10 to support construction of a new school facility and subsequently, as a result
 11 of litigation, receives funding for the same facility for which state funds were
 12 provided, that school district shall reimburse the Commonwealth an amount
 13 equal to the amount provided under paragraph (a) of this subsection. Any
 14 funds received in this manner shall be deposited in the budget reserve trust
 15 fund account established in KRS 48.705.

16 ➔Section 3. KRS 160.290 is amended to read as follows:

17 (1) Each board of education shall have general control and management of the public
 18 schools in its district and may establish schools and provide for courses and other
 19 services as it deems necessary for the promotion of education and the general health
 20 and welfare of pupils, consistent with the administrative regulations of the
 21 Kentucky Board of Education. Each board shall have control and management of
 22 all school funds and all public school property of its district and may use its funds
 23 and property to promote public education. Each board shall exercise generally all
 24 powers prescribed by law in the administration of its public school system, appoint
 25 the superintendent of schools, and fix the compensation of employees.

26 (2) Each board shall make and adopt, and may amend or repeal, rules, regulations, and
 27 bylaws for its meetings and proceedings for the management of the schools and

1 school property of the district, for the transaction of its business, and for the
2 qualification and duties of employees and the conduct of pupils. The rules,
3 regulations, and bylaws made by a board of education shall be consistent with the
4 general school laws of the state and shall be binding on the board of education and
5 parties dealing with it until amended or repealed by an affirmative vote of a
6 majority of the members of the board. The rules, regulations, and bylaws shall be
7 spread on the minutes of the board and be open to the public. The rules, regulations,
8 and bylaws may include the use of reverse auctions as defined in KRS 45A.070 in
9 the procurement of goods and leases.

10 (3) **A board that maintains a traditional school building as defined in Section 1 of**
11 **this Act with an average daily attendance of fewer than one hundred fifty (150)**
12 **students for at least three (3) consecutive years shall, at the next required revision**
13 **of the school facility plan:**

14 **(a) Submit a school facility plan under Section 2 of this Act that closes and**
15 **consolidates that traditional school building with another facility; or**

16 **(b) Modify the district's attendance areas to raise that traditional school**
17 **building's average daily attendance above two hundred (200) students.**

18 (4) Local boards of education electing to enter into agreements pursuant to the
19 Interlocal Cooperation Act, KRS 65.210 to 65.300, with other local boards of
20 education to establish consortia to provide services in accordance with the
21 Kentucky Education Reform Act of 1990, 1990 Ky. Acts Ch. 476, may transfer real
22 or personal property to the consortia without receiving fair market value
23 compensation. The joint or cooperative action may employ employees transferred
24 from employment of a local board of education, and the employees shall retain their
25 eligibility for the Kentucky Teachers' Retirement System. The chief state school
26 officer, under administrative regulations of the Kentucky Board of Education, may
27 allot funding to an interlocal cooperative board created by two (2) or more local

1 school districts pursuant to KRS 65.210 to 65.300 to provide educational services
2 for the mutual advantage of the students in the representative districts. All statutes
3 and administrative regulations that apply to the use of these funds in local school
4 districts shall also apply to cooperative boards.

5 ➔Section 4. There is hereby appropriated General Fund moneys in the amount of
6 \$3,500,000 in each fiscal year of the 2026-2028 fiscal biennium to the Support Education
7 Excellence in Kentucky (SEEK) program budget unit to be distributed to school districts
8 for the equalization of taxes levied under subsection (1)(d) of Section 2 of this Act.

9 ➔Section 5. Whereas it is critical to ensure that Kentucky school districts can
10 efficiently reorganize the schools operating within the districts in the next fiscal year, an
11 emergency is declared to exist, and this Act takes effect July 1, 2026.