

1 AN ACT relating to moneys appropriated to the EKSAFE and WKSAFE funds.

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

3 ➔Section 1. KRS 39A.303 is amended to read as follows:

- 4 (1) The East Kentucky State Aid Funding for Emergencies (EKSAFE) fund is  
5 established and shall be:
- 6 (a) Administered by the Department of Military Affairs, Division of Emergency  
7 Management, in accordance with this section;
  - 8 (b) A separate fund to provide financial assistance for those located in the areas  
9 named in the Presidential Declaration of a Major Disaster, designated FEMA-  
10 4663-DR-KY, and impacted by the July 2022 storms and flooding that  
11 occurred in the eastern Kentucky region; and
  - 12 (c) Used to provide financial support to those located in the areas named in the  
13 Presidential Declaration of a Major Disaster, designated FEMA-4663-DR-  
14 KY, in the eastern Kentucky region to recover from the devastation caused by  
15 the storms and flooding.
- 16 (2) The Department of Military Affairs or the Division of Emergency Management  
17 shall not publicly advertise or solicit contributions from the general public that  
18 could potentially impact fundraising efforts of not-for-profit disaster relief agencies.
- 19 (3) The EKSAFE fund may receive state appropriations, gifts, grants, federal funds,  
20 and any other funds, both public and private.
- 21 (4) Moneys in the EKSAFE fund as of June 30, 2023, through June 30, 2024, shall not  
22 lapse and shall carry forward until June 30, 2024.
- 23 (5) Any interest earnings of the EKSAFE fund shall become a part of the EKSAFE  
24 fund and shall not lapse.
- 25 (6) (a) Eligibility to receive financial support from the EKSAFE fund shall be limited  
26 to a:
- 27 1. City, county, urban-county government, consolidated local government,

- 1 unified local government, or charter county government;
- 2 2. Nonprofit or public utility service provider;
- 3 3. State agency; or
- 4 4. School district;
- 5 that has disaster-related needs as a result of the devastation experienced from
- 6 the July 2022 storms and flooding.
- 7 (b) An eligible recipient may receive moneys for expenses to provide disaster and
- 8 recovery relief if the recipient:
- 9 1. Is located in the areas named in the Presidential Declaration of a Major
- 10 Disaster, designated FEMA-4663-DR-KY, relating to the storms and
- 11 flooding that occurred in July 2022; and
- 12 2. Has disaster-related needs in response to the storms and flooding that
- 13 occurred in July 2022.
- 14 (c) The financial support shall not cover any new construction inside the one
- 15 hundred (100) year floodplain area.
- 16 (d) 1. Eligible expenses shall be those used to support disaster and recovery
- 17 relief, including but not limited to:
- 18 a. ~~i.~~ Replacement or renovation of publicly owned buildings
- 19 damaged by the storms and flooding, but only to the extent
- 20 of damage directly caused by the storms and flooding; and
- 21 ii. *Replacement, renovation, or expansion of an essential*
- 22 *government facility, including police, fire, and ambulance*
- 23 *stations, functioning above capacity at the time of*
- 24 *application, but only to the extent of damage directly*
- 25 *caused by the storms and flooding;*
- 26 b. ~~2.~~ Reimbursement for services, personnel, and equipment provided
- 27 during the response and recovery to communities impacted by the

1 storms and flooding, but only to the extent of damage directly  
2 caused by the storms and flooding;

3 ~~c.[3.]~~ Funding to cities, counties, and publicly owned utilities for the  
4 costs of replacement or repair of publicly owned buildings and  
5 their contents due to the damage from the storms and flooding, but  
6 only to the extent of damage directly caused by the storms and  
7 flooding;

8 ~~d.[4.]~~ Assistance to cities and counties for expenses related to planning  
9 efforts for rebuilding and recovering from the damage, but only to  
10 the extent of damage directly caused by the storms and flooding;

11 ~~e.[5.]~~ Assistance to support disaster recovery and relief needs of local  
12 school districts, but only to the extent of loss or damage directly  
13 caused by the storms and flooding, including but not limited to:

14 ~~i.[a.]~~ Financial support for school districts that will experience a  
15 default in bond payments; and

16 ~~ii.[b.]~~ Financial support to assist school districts with building and  
17 tangible property replacement needs; and

18 ~~f.[6.]~~ Contracted employees to administer and report on the funds.

19 **2. a. The eligible expenses described in subparagraph 1.a.i. or ii. of**  
20 **this paragraph shall be:**

21 **i. Issued in the form of a loan; and**

22 **ii. Used to replace, renovate, or expand an essential**  
23 **government facility up to one hundred twenty percent**  
24 **(120%) of capacity at the time of application for proceeds.**

25 **b. Any loan issued under subdivision a. of this subparagraph shall**  
26 **contain the following terms:**

27 **i. An interest rate of zero percent;**

- 1                                    ii. A time for repayment of no longer than twenty (20) years;  
2                                    and  
3                                    iii. A repayment structure of quarterly payments due on the  
4                                    thirtieth day of March, June, September, and December of  
5                                    each year until the loan is repaid.

- 6 (7) Each recipient of moneys from the EKSAFE fund, including any agency of  
7 Kentucky state government, shall:
- 8        (a) Retain documentation of a timely application for any applicable  
9 reimbursement, including but not limited to federal emergency disaster grant  
10 assistance, other financial disaster assistance, and insurance proceeds; and
- 11        (b) Adhere to the terms of the EKSAFE fund regarding reimbursement to the  
12 Commonwealth if funds from other sources are subsequently received after  
13 the receipt of financial assistance from the Commonwealth.
- 14 (8) (a) Moneys in the EKSAFE fund may be used for the advancement of moneys to  
15 cities, counties, school districts, and nonprofit or public utility service  
16 providers experiencing strained fiscal liquidity while awaiting reimbursement  
17 from federal emergency management assistance or insurance claims and shall  
18 not be used for capital improvements.
- 19        (b) Reimbursement of the advancement under paragraph (a) of this subsection  
20 shall:
- 21            1. Be determined by the:
- 22                    a. State-local finance officer within the Department for Local  
23 Government for cities and counties, and nonprofit or public  
24 utilities; and
- 25                    b. Department of Education for school districts; and
- 26            2. Include a quarterly accounting of the advancement released and the  
27 outstanding balance through June 30, 2024.

1 (9) (a) 1. If a recipient of moneys from the EKSAFE fund subsequently receives  
 2 moneys from any other source, the recipient shall reimburse the  
 3 Commonwealth for the amount of the moneys received from the  
 4 EKSAFE fund.

5 ~~2.(b)~~ Before July 1, 2024, all moneys reimbursed to the Commonwealth  
 6 under subparagraph 1. of this paragraph~~[(a) of this subsection]~~ shall be  
 7 deposited in the EKSAFE fund within thirty (30) days, and shall be  
 8 continuously appropriated.

9 ~~3.(c)~~ After June 30, 2024, all moneys reimbursed to the Commonwealth  
 10 under subparagraph 1. of this paragraph~~[(a) of this subsection]~~ shall be  
 11 deposited into the budget reserve trust fund account established in KRS  
 12 48.705 within thirty (30) days.

13 (b) 1. If a recipient receives moneys in the form of a loan under subsection  
 14 (6)(d)2. of this section, the recipient shall reimburse the  
 15 Commonwealth for the amount of the moneys received from the  
 16 EKSAFE fund according to the repayment structure under subsection  
 17 (6)(d)2.b.iii of this section.

18 2. Before July 1, 2024, all moneys reimbursed to the Commonwealth  
 19 under subparagraph 1. of this paragraph shall be deposited in the  
 20 EKSAFE fund within thirty (30) days, and shall be continuously  
 21 appropriated.

22 3. After June 30, 2024, all moneys reimbursed to the Commonwealth  
 23 under subparagraph 1. of this paragraph shall be deposited into the  
 24 budget reserve trust fund account established in KRS 48.705 within  
 25 thirty (30) days.

26 (10) The Division of Emergency Management shall promulgate administrative  
 27 regulations to carry out this section.

- 1 (11) The following reports shall be submitted to the Senate Standing Committee on  
2 Appropriations and Revenue and the House Standing Committee on Appropriations  
3 and Revenue or the Interim Joint Committee on Appropriations and Revenue by the  
4 tenth day of each month, beginning September 10, 2022, and ending July 10, 2024:
- 5 (a) A report from the Office of State Budget Director that includes:
- 6 1. The name of each recipient of moneys from the EKSAFE fund;
  - 7 2. The dollar amount of moneys issued and the dates of issuance;
  - 8 3. A description of how the moneys were used; and
  - 9 4. A list of all requests:
    - 10 a. Submitted, including the amount requested;
    - 11 b. Denied, including a description of the reason for the denial; and
    - 12 c. Where the amount awarded was greater than or less than the  
13 amount requested, including a description of the reason for the  
14 increase or decrease; and
- 15 (b) A report from the Department of Education that includes:
- 16 1. The name of each school district receiving moneys from the EKSAFE  
17 fund;
  - 18 2. The dollar amount of moneys issued and the dates of issuance;
  - 19 3. A description of how the moneys were used; and
  - 20 4. A list of all requests:
    - 21 a. Submitted, including the amount requested;
    - 22 b. Denied, including a description of the reason for the denial; and
    - 23 c. Where the amount awarded was greater than or less than the  
24 amount requested, including a description of the reason for the  
25 increase or decrease.

26 ➔Section 2. KRS 39A.305 is amended to read as follows:

- 27 (1) The West Kentucky State Aid Funding for Emergencies (WKSAFE) fund is

1 established and shall be:

2 (a) Administered by the Department of Military Affairs, Division of Emergency  
3 Management, in accordance with this section;

4 (b) A separate fund to provide financial assistance for those impacted by the  
5 December 2021 storms and tornadoes that occurred in the west Kentucky  
6 region; and

7 (c) Used to provide financial support to the west Kentucky region to recover from  
8 the devastation caused by the storms and tornadoes.

9 (2) The Department of Military Affairs or the Division of Emergency Management  
10 shall not publicly advertise or solicit contributions from the general public that  
11 could potentially impact fundraising efforts of not-for-profit disaster relief agencies.

12 (3) The WKSAFE fund may receive state appropriations, gifts, grants, federal funds,  
13 and any other funds, both public and private.

14 (4) Moneys in the WKSAFE fund as of June 30, 2022, through June 30, 2026, shall not  
15 lapse and shall carry forward until June 30, 2026.

16 (5) Any interest earnings of the WKSAFE fund shall become a part of the WKSAFE  
17 fund and shall not lapse.

18 (6) ~~[(a)]~~ Eligibility to receive financial support from the WKSAFE fund shall be  
19 limited to a:

20 ~~(a)~~<sup>[1]</sup> City, county, urban-county government, consolidated local government,  
21 unified local government, or charter county government;

22 ~~(b)~~<sup>[2]</sup> Nonprofit or public utility service provider;

23 ~~(c)~~<sup>[3]</sup> State agency;

24 ~~(d)~~<sup>[4]</sup> School district; or

25 ~~(e)~~<sup>[5]</sup> Qualified lender as defined in KRS 154.20-580;

26 that has disaster-related needs as a result of the devastation experienced from the  
27 December 2021 storms and tornadoes.

1 ~~(7)(b)~~ An eligible recipient may receive moneys for expenses to provide disaster and  
2 recovery relief if the recipient:

3 ~~(a)(1)~~ Is located in the areas named in a Presidential Declaration of Emergency  
4 relating to the storms and tornadoes that occurred in December 2021; and

5 ~~(b)(2)~~ Has disaster-related needs in response to the storms and tornadoes that  
6 occurred in December 2021.

7 ~~(8)(e)~~ Eligible expenses shall be those used to support disaster and recovery relief,  
8 including but not limited to:

9 ~~(a)~~ 1. Replacement or renovation of publicly owned buildings damaged by the  
10 storms and tornadoes, but only to the extent of damage directly caused  
11 by the storms and tornadoes; and

12 2. Replacement, renovation, or expansion of an essential government  
13 facility, including police, fire, and ambulance stations, functioning  
14 above capacity at the time of application, but only to the extent of  
15 damage directly caused by the storms and tornadoes;

16 ~~(b)(2)~~ Reimbursement for services, personnel, and equipment provided during  
17 the response and recovery to communities impacted by the storms and  
18 tornadoes, but only to the extent of damage directly caused by the storms and  
19 tornadoes;

20 ~~(c)(3)~~ Funding to cities, counties, and publicly owned utilities for the costs of  
21 replacement or repair of publicly owned buildings and their contents due to  
22 the damage from the storms and tornadoes, but only to the extent of damage  
23 directly caused by the storms and tornadoes;

24 ~~(d)(4)~~ Assistance to cities and counties for expenses related to planning efforts  
25 for rebuilding and recovering from the damage, but only to the extent of  
26 damage directly caused by the storms and tornadoes;

27 ~~(e)(5)~~ Assistance to support disaster recovery and relief needs of local school



1 districts, but only to the extent of damage directly caused by the storms and  
2 tornadoes, including but not limited to:

3 ~~1.[a.]~~ Financial support for school districts that will experience a default in  
4 bond payments; and

5 ~~2.[b.]~~ Financial support to assist school districts with building and tangible  
6 property replacement needs;

7 ~~(f)[6.]~~ Contracted employees to administer and report on the funds; and

8 ~~(g) 1.[7.-a.]~~ Financial assistance to cities, counties, and school districts for  
9 realized revenue losses, but only to the extent the loss is directly caused  
10 by the storms and tornadoes, and to be determined on a quarterly basis  
11 by the:

12 ~~a.[i.]~~ State-local finance officer within the Department for Local  
13 Government for cities and counties; and

14 ~~b.[ii.]~~ Department of Education for school districts.

15 ~~2.[b.]~~ The financial assistance determined in subparagraph 1. of this  
16 paragraph ~~[subdivision a. of this subparagraph]~~ shall be limited to:

17 ~~a.[i.]~~ One hundred percent (100%) of the lost revenue in fiscal year  
18 2022-2023;

19 ~~b.[ii.]~~ Sixty-six percent (66%) of the lost revenue in fiscal year 2023-  
20 2024; and

21 ~~c.[iii.]~~ Thirty-three percent (33%) of the lost revenue in fiscal year  
22 2024-2025.

23 (9) (a) The eligible expenses described in subsection (8)(a)1. or 2. of this section  
24 shall be:

25 1. Issued in the form of a loan; and

26 2. Used to replace, renovate, or expand an essential government facility  
27 up to one hundred twenty percent (120%) of capacity at the time of

1 application for proceeds.

2 (b) Any loan issued under paragraph (a) of this subsection shall contain the  
 3 following terms:

4 1. An interest rate of zero percent;

5 2. A time for repayment of no longer than twenty (20) years; and

6 3. A repayment structure of quarterly payments due on the thirtieth day  
 7 of March, June, September, and December of each year until the loan  
 8 is repaid.

9 ~~(10)(7)~~ Each recipient of moneys from the WKSAFE fund, including any agency of  
 10 Kentucky state government, shall:

11 (a) Timely apply for federal emergency disaster grant assistance, other financial  
 12 disaster assistance, and insurance proceeds; and

13 (b) Adhere to the terms of the WKSAFE fund regarding reimbursement to the  
 14 Commonwealth if funds from other sources are subsequently received after  
 15 the receipt of financial assistance from the Commonwealth.

16 ~~(11)(8)~~ (a) Moneys in the WKSAFE fund may be used for the advancement of  
 17 moneys to cities, counties, and nonprofit or public utility service providers  
 18 experiencing strained fiscal liquidity while awaiting reimbursement from  
 19 federal emergency management assistance or insurance claims and shall not  
 20 be used for capital improvements.

21 (b) Reimbursement of the advancement under paragraph (a) of this subsection  
 22 shall:

23 1. Be determined by the:

24 a. State-local finance officer within the Department for Local  
 25 Government for cities and counties, and nonprofit or public  
 26 utilities; and

27 b. Department of Education for school districts; and

1           2.    Include a quarterly accounting of the advancement released and the  
2                    outstanding balance through June 30, 2026.

3    ~~(12)~~~~(9)~~ (a) 1.    If a recipient of moneys from the WKSAFE fund subsequently  
4                    receives moneys from any other source, the recipient shall reimburse the  
5                    Commonwealth for the amount of the moneys received from the  
6                    WKSAFE fund.

7           ~~2.~~~~(b)~~    Before July 1, 2026, all moneys reimbursed to the Commonwealth  
8                    under subparagraph 1. of this paragraph~~(a) of this subsection~~ shall be  
9                    deposited in the WKSAFE~~West Kentucky State Aid Funding for~~  
10                   ~~Emergencies (WKSAFE)~~ fund within thirty (30) days, and shall be  
11                    continuously appropriated.

12           ~~3.~~~~(c)~~    After June 30, 2026, all moneys reimbursed to the Commonwealth  
13                    under subparagraph 1. of this paragraph~~(a) of this subsection~~ shall be  
14                    deposited into the budget reserve trust fund account established in KRS  
15                    48.705 within thirty (30) days.

16           **(b) 1.    If a recipient receives moneys in the form of a loan under subsection**  
17                    **(9)(a) of this section, the recipient shall reimburse the Commonwealth**  
18                    **for the amount of the moneys received from the WKSAFE fund**  
19                    **according to the repayment structure under subsection (9)(b)3. of this**  
20                    **section.**

21           **2.    Before July 1, 2026, all moneys reimbursed to the Commonwealth**  
22                    **under subparagraph 1. of this paragraph shall be deposited in the**  
23                    **WKSAFE fund within thirty (30) days, and shall be continuously**  
24                    **appropriated.**

25           **3.    After June 30, 2026, all moneys reimbursed to the Commonwealth**  
26                    **under subparagraph 1. of this paragraph shall be deposited into the**  
27                    **budget reserve trust fund account established in KRS 48.705 within**

1                   thirty (30) days.

2    ~~(13)~~~~(10)~~ The Division of Emergency Management shall promulgate administrative  
3           regulations to carry out this section.

4    ~~(14)~~~~(11)~~ The following reports shall be submitted to the Senate Standing Committee on  
5           Appropriations and Revenue and the House Standing Committee on Appropriations  
6           and Revenue or the Interim Joint Committee on Appropriations and Revenue by the  
7           tenth day of each month, beginning May 10, 2022, and ending July 10, 2026:

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

- 9                   1. The name of each recipient of moneys from the WKSAFE fund;
- 10                   2. The dollar amount of moneys issued and the dates of issuance;
- 11                   3. A description of how the moneys were used; and
- 12                   4. A list of all requests:
  - 13                           a. Submitted, including the amount requested;
  - 14                           b. Denied, including a description of the reason for the denial; and
  - 15                           c. Where the amount awarded was greater than or less than the  
16                                 amount requested, including a description of the reason for the  
17                                 increase or decrease; and

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

- 19                   1. The name of each school district receiving moneys from the WKSAFE  
20                         fund;
- 21                   2. The dollar amount of moneys issued and the dates of issuance;
- 22                   3. A description of how the moneys were used; and
- 23                   4. A list of all requests:
  - 24                           a. Submitted, including the amount requested;
  - 25                           b. Denied, including a description of the reason for the denial; and
  - 26                           c. Where the amount awarded was greater than or less than the  
27                                 amount requested, including a description of the reason for the

1 increase or decrease.

- 2 ~~(15)~~~~(12)~~ A report shall be submitted to the Senate Standing Committee on  
3 Appropriations and Revenue and the House Standing Committee on Appropriations  
4 and Revenue or the Interim Joint Committee on Appropriations and Revenue by the  
5 tenth day following the end of each calendar quarter by the Cabinet for Economic  
6 Development, beginning July 10, 2026, and ending when no further applications for  
7 a loss payment may be submitted under KRS 154.20-589(7), including:
- 8 (a) The name of each qualified lender receiving a loss payment;
  - 9 (b) The dollar amount of the payment received;
  - 10 (c) A description of the loan terms; and
  - 11 (d) An explanation regarding why the loss payment was needed.