

1 AN ACT relating to revenue measures, making an appropriation, and declaring an
2 emergency.

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

4 ➔Section 1. KRS 224.50-868 is amended to read as follows:

- 5 (1) **(a)** ~~Prior to July 1, 2020~~~~[Until June 30, 2018]~~, a person purchasing a new motor
6 vehicle tire in Kentucky shall pay to the retailer a one dollar (\$1) fee at the
7 time of the purchase of that tire.
- 8 **(b)** A new tire is a tire that has never been placed on a motor vehicle wheel rim,
9 but it is not a tire placed on a motor vehicle prior to its original retail sale or a
10 recapped tire.
- 11 **(c)** The term "motor vehicle" as used in this section shall mean "motor vehicle" as
12 defined in KRS 138.450. The fee shall not be subject to the Kentucky sales
13 tax.
- 14 (2) When a person purchases a new motor vehicle tire in Kentucky to replace another
15 tire, the tire that is replaced becomes a waste tire subject to the waste tire program.
16 The person purchasing the new motor vehicle tire shall be encouraged by the
17 retailer to leave the waste tire with the retailer or meet the following requirements:
- 18 (a) Dispose of the waste tire in accordance with KRS 224.50-856(1);
19 (b) Deliver the waste tire to a person registered in accordance with the waste tire
20 program; or
21 (c) Reuse the waste tire for its original intended purpose or an agricultural
22 purpose.
- 23 (3) **(a)** A retailer shall report to the Department of Revenue on or before the twentieth
24 day of each month the number of new motor vehicle tires sold during the
25 preceding month and the number of waste tires received from customers that
26 month.
- 27 **(b)** The report shall be filed on forms and contain information as the Department

1 of Revenue may require.

2 (c) The retailer shall remit with the report ninety-five percent (95%) of the fees
3 collected for the preceding month and may retain a five percent (5%) handling
4 fee.

5 (4) A retailer shall:

6 (a) Accept from the purchaser of a new tire, if offered, for each new motor
7 vehicle tire sold, a waste tire of similar size and type; and

8 (b) Post notice at the place where retail sales are made that:

9 1. State law requires the retailer to accept, if offered, a waste tire for each
10 new motor vehicle tire sold and that a person purchasing a new motor
11 vehicle tire to replace another tire shall comply with subsection (2) of
12 this section; and[-]

13 2. Includes[-The notice shall also include] the following wording: "State
14 law requires a new tire buyer to pay one dollar (\$1) for each new tire
15 purchased. The money is collected and used by the state to oversee the
16 management of waste tires, including cleaning up abandoned waste tire
17 piles and preventing illegal dumping of waste tires."

18 (5) A retailer shall comply with the requirements of the recordkeeping system for waste
19 tires established by KRS 224.50-874.

20 (6) A retailer shall transfer waste tires only to a person who presents a letter from the
21 cabinet approving the registration issued under KRS 224.50-858 or a copy of a solid
22 waste disposal facility permit issued by the cabinet, unless the retailer is delivering
23 the waste tires to a destination outside Kentucky and the waste tires will remain in
24 the retailer's possession until they reach that destination.

25 (7) The cabinet shall, in conjunction with the Waste Tire Working Group, develop the
26 informational fact sheet to be made publicly available on the cabinet's Web site and
27 available in print upon request. The fact sheet shall identify ways to properly

1 dispose of the waste tire and present information on the problems caused by
2 improper waste tire disposal.

3 →Section 2. **Kentucky Agricultural Finance Corporation:** Notwithstanding
4 KRS 247.978(2), the total amount of principal which a qualified applicant may owe the
5 Kentucky Agricultural Finance Corporation at any one time shall not exceed \$5,000,000.

6 →Section 3. **Administrative Fee on Infrastructure for Economic Development**
7 **Fund Projects:** A one-half of one percent administrative fee is authorized to be paid to
8 the Kentucky Infrastructure Authority for the administration of each project funded by the
9 Infrastructure for Economic Development Fund for Coal-Producing Counties and the
10 Infrastructure for Economic Development Fund for Tobacco Counties. These
11 administrative fees shall be paid, upon inception of the project, out of the fund from
12 which the project was allocated.

13 →Section 4. **Child Victim's Trust Fund License Plate Statutory Suspension:**
14 Notwithstanding KRS 186.162(2)(v), any revenue received from the sale or renewal of
15 Child Victims' Trust Fund license plates in excess of actual costs incurred by the
16 Transportation Cabinet related to the distribution of those plates shall be transferred to the
17 Child Victims' Trust Fund on an annual basis.

18 →Section 5. **Settlement Funds:** Notwithstanding KRS 48.005, any funds or
19 assets recovered by the Attorney General in connection with a lawsuit in which he or she
20 is a party or has entered his or her appearance on behalf of the Commonwealth of
21 Kentucky, including ex rel. or other types of actions, shall be paid directly to the
22 Commonwealth and deposited in a distinct trust and agency account for each settlement.
23 The Office of Attorney General may recover reasonable costs of litigation as determined
24 by the court and approved by the Secretary of the Finance and Administration Cabinet.
25 The amount of settlement funds used to recover costs of litigation for each settlement
26 shall be reported to the Interim Joint Committee on Appropriations and Revenue. After
27 recovering reasonable costs of litigation, any required consumer restitution or payments

1 shall be made. No other funds or assets shall be disbursed from the trust and agency
2 accounts unless appropriated by the General Assembly. Any disbursements from
3 settlement funds placed within a trust and agency account shall be reported monthly to the
4 Interim Joint Committee on Appropriations and Revenue.

5 ➔Section 6. **Charges for Federal, State, and Local Audits:** Any additional
6 expenses incurred by the Auditor of Public Accounts for required audits of Federal Funds
7 shall be charged to the government or agency that is the subject of the audit. The Auditor
8 of Public Accounts receives General Fund appropriations for audits of the statewide
9 systems of personnel and payroll, cash and investments, revenue collection, and the state
10 accounting system. Any expenses incurred by the Auditor of Public Accounts for any
11 other audits shall be charged to the agency that is the subject of such audit. The Auditor
12 of Public Accounts shall maintain a record of all time and expenses for each audit or
13 investigation.

14 Any expenses incurred by the Auditor of Public Accounts for auditing individual
15 governmental entities when mandated by a legislative committee shall be charged to the
16 agency or entity receiving audit services.

17 ➔Section 7. **Personnel Board Operating Assessment:** Each agency of the
18 Executive Branch with employees covered by KRS Chapter 18A shall be assessed each
19 fiscal year the amount required for the operation of the Personnel Board. The agency
20 assessment shall be determined by the Secretary of the Finance and Administration
21 Cabinet based on the authorized full-time positions of each agency on July 1 of each year
22 of the biennium. The Secretary of the Finance and Administration Cabinet shall collect
23 the assessment.

24 ➔Section 8. **Water Withdrawal Fees:** The water withdrawal fees imposed by the
25 Kentucky River Authority shall not be subject to state and local taxes. Notwithstanding
26 KRS 151.710(10), Tier I water withdrawal fees shall be used to support the operations of
27 the Authority and for contractual services for water supply and quality studies.

1 ➔Section 9. **Urgent Needs School Assistance:** If a school district receives an
2 allotment for an Urgent Needs School authorized in 2014 Ky. Acts ch. 117, Part I, A.,
3 28., (5), 2014 Ky. Acts ch. 117, Part I, C., 1., (19)(b), and 2016 Ky. Acts ch. 149, part I,
4 A., 28., (4) and (5) and subsequently, as a result of litigation or insurance, receives funds
5 for the original facility, the school district shall reimburse the Commonwealth an amount
6 equal to that received for such purposes. If the litigation or insurance receipts are less than
7 the amount received, the district shall reimburse the Commonwealth an amount equal to
8 that received as a result of litigation or insurance less the district's costs and legal fees in
9 securing the judgment or payment. Any funds received in this manner shall be deposited
10 in the Budget Reserve Trust Fund Account (KRS 48.705).

11 ➔Section 10. **Real Property Disposal:** The Office of Employment Training
12 Building Proceeds Fund is hereby established for the 2018-2020 fiscal biennium.
13 Notwithstanding KRS 45.777, up to \$3,000,000 of proceeds from the disposal under KRS
14 45A.045 of any state-owned real property operated by the Office of Employment and
15 Training shall be deposited in the Office of Employment Training Building Proceeds
16 Fund.

17 ➔Section 11. **Office of Procurement Services Administrative Costs:**
18 Notwithstanding KRS 47.010(1), any revenue derived from the establishment of
19 statewide contracts by the Office of Material and Procurement Services shall be credited
20 to a trust and agency account and shall be used to administer the program.

21 ➔Section 12. **Insurance Surcharge Rate:** Pursuant to KRS 136.392, the
22 insurance surcharge rate shall be calculated at a rate to provide sufficient funds in the
23 2018-2020 fiscal biennium for the Firefighters Foundation Program Fund and the
24 Kentucky Law Enforcement Foundation Program Fund. The calculation of sufficient
25 funds for those programs shall include any Restricted Funds carried forward from fiscal
26 years 2017-2018 and 2018-2019 as provided by the General Assembly.

27 ➔Section 13. **Medicaid Copayments:** Notwithstanding KRS 205.6312, the

1 Department for Medicaid Services may impose copayments for services rendered to
2 Medicaid recipients, not to exceed the amounts permitted by federal law or waivers.

3 →Section 14. **Medicaid and KCHIP Premiums and Cost-Sharing:**
4 Notwithstanding KRS 205.6312 and 205.6485(1)(c), the Department for Medicaid
5 Services may utilize premiums and cost-sharing for services rendered to Medicaid and
6 KCHIP recipients not to exceed amounts permitted by federal law or waivers. KCHIP
7 premiums are suspended for the 2018-2020 biennium.

8 →Section 15. **Assessment on Insurers:** Notwithstanding KRS 304.17B-021 or
9 any other provision of the Kentucky Revised Statutes to the contrary, for participating
10 insurers who offer Qualified Health Plans, as defined in 42 U.S.C. sec. 18021, being sold
11 on the Federal Exchange in the individual market segment, the assessment in KRS
12 304.17B-021(1)(a) 2. to 4. may be waived or assessed at any rate between zero and one
13 percent for the 2019 or 2020 Plan Year on any health benefit plan premium written by
14 that insurer in the individual market segment.

15 →Section 16. **Pro Rata Assessment:** The Personnel Cabinet shall collect a pro
16 rata assessment from all state agencies, in all three branches of government, and other
17 organizations that are supported by the System. Those collections shall be deposited and
18 retained in a Restricted Funds account within the Personnel Cabinet.

19 →Section 17. **Film Incentives:** Notwithstanding KRS 139.538, 141.383, 148.542
20 to 148.548, or any statute to the contrary, the Kentucky Film Office shall not accept any
21 applications nor approve any eligible projects for tax incentives or tax credits during
22 fiscal year 2018-2019 or fiscal year 2019-2020 and the Department of Revenue shall not
23 process or approve any refund requests from motion picture production companies related
24 to sales and use tax paid during fiscal year 2018-2019 or fiscal year 2019-2020.

25 →Section 18. **Service Capacity Upgrade Fund:** Notwithstanding KRS
26 341.243(4) and (7), beginning July 1, 2018, seventy-five thousandths of one percent shall
27 be withheld from each rate established under KRS 341.270 and 341.272, only if the

1 Unemployment Insurance Trust Fund balance exceeds the balance of the trust fund as of
2 December 31, 2017, and shall be deposited in the Service Capacity Upgrade Fund and
3 used solely in accordance with KRS 341.243(2) and as provided by the General
4 Assembly. The Secretary of the Education and Workforce Development Cabinet may
5 exercise his or her discretion to reduce the percentage rate established in this subsection
6 or suspend required payments to the Service Capacity Upgrade Fund at any time.

7 ➔Section 19. **Premium and Retaliatory Taxes:** Notwithstanding KRS 304.17B-
8 021(4)(d), premium taxes collected under KRS Chapter 136 from any insurer and
9 retaliatory taxes collected under KRS 304.3-270 from any insurer shall be credited to the
10 General Fund.

11 ➔Section 20. **Monthly Per Employee Health Insurance Benefits Assessment:**
12 The Personnel Cabinet shall collect a benefits assessment per month per employee
13 eligible for health insurance coverage in the state group for duly authorized use by the
14 Personnel Cabinet in administering its statutory and administrative responsibilities,
15 including but not limited to administration of the Commonwealth's health insurance
16 program.

17 ➔Section 21. Sections 2 to 14 and 16 to 20 of this Act are effective for and apply
18 to the fiscal year beginning July 1, 2018, and ending June 30, 2019, and the fiscal year
19 beginning July 1, 2019, and ending June 30, 2020, and shall expire at the end of June 30,
20 2020.

21 ➔Section 22. Section 15 of this Act is effective for and applies to the plan year
22 beginning January 1, 2019, and ending December 31, 2019, and the plan year beginning
23 January 1, 2020, and ending December 31, 2020, and shall expire at the end of December
24 31, 2020.

25 ➔Section 23. Whereas this Act applies to the balancing of the Executive Branch
26 Budget, an emergency is declared to exist, and this Act takes effect upon its passage and
27 approval by the Governor or upon its otherwise becoming a law.