

1 AN ACT relating to the Kentucky Coal Fields Endowment Fund and making an
2 appropriation therefor.

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

4 ➔SECTION 1. A NEW SECTION OF KRS 42.450 TO 42.495 IS CREATED TO
5 READ AS FOLLOWS:

6 *(1) The Kentucky Coal Fields Endowment Fund is hereby created as a separate trust*
7 *fund in the State Treasury. The fund shall consist of amounts received from*
8 *appropriations and any other proceeds from gifts, grants, federal funds, or any*
9 *other funds, both public and private, made available for the purposes of this*
10 *section.*

11 *(2) The fund shall be administered by the Department for Local Government.*

12 *(3) Amounts deposited in the fund shall be used only for the purpose of supporting*
13 *efforts to diversify the economy of the coal fields within Kentucky.*

14 *(a) Projects that may be funded shall be nonrecurring investments in:*

15 *1. Economic development;*

16 *2. Public infrastructure, water, and wastewater;*

17 *3. Public health and safety; and*

18 *4. Information technology development and access.*

19 *(b) Projects shall be selected by the Kentucky Coal Fields Endowment Fund*
20 *authority established in Section 2 of this Act based on economic impact, job*
21 *creation, workforce development, community benefit, available*
22 *partnerships, project readiness, and the ability for a project to be self-*
23 *sustaining.*

24 *(4) Notwithstanding KRS 45.229, fund amounts not expended at the close of a fiscal*
25 *year shall not lapse but shall be carried forward into the next fiscal year.*

26 *(5) Any earnings of the fund shall become a part of the fund and shall not lapse.*

27 *(6) The Department for Local Government may promulgate administrative*

1 regulations to implement the provisions of this section.

2 (7) Seven million five hundred thousand dollars (\$7,500,000) of the severance and
 3 processing taxes on coal collected annually shall be transferred from the general
 4 fund to the Kentucky coal fields endowment fund established in Section 1 of this
 5 Act. The transfers shall be made in quarterly amounts of one million eight
 6 hundred seventy-five thousand dollars (\$1,875,000) at the same time as the
 7 transfers to the local government economic development fund.

8 (8) Moneys deposited in the fund are hereby appropriated for the purposes set forth
 9 in this section and shall not be appropriated or transferred by the General
 10 Assembly for any other purpose.

11 ➔SECTION 2. A NEW SECTION OF KRS 42.450 TO 42.495 IS CREATED TO
 12 READ AS FOLLOWS:

13 (1) As used in this section:

14 (a) "Authority" means the Kentucky coal fields endowment fund authority;

15 (b) "Chair" means the chair of the Kentucky coal fields endowment fund
 16 authority;

17 (c) "Commissioner" means the commissioner of the Department for Local
 18 Government;

19 (d) "Eligible counties" means counties of the Commonwealth of Kentucky
 20 participating in the Local Government Economic Development Fund on the
 21 effective date of this Act and those that participated on January 1, 2016;
 22 and

23 (e) "Fund" means the Kentucky coal fields endowment fund;

24 (2) The authority shall consist of seven (7) persons, who shall be selected as follows:

25 (a) Two (2) persons, appointed by the Governor, from counties located within
 26 the Eastern Coal Field;

27 (b) Two (2) persons, appointed by the Governor, from counties located within

- 1 the Western Coal Field;
- 2 (c) Two (2) persons, appointed by the Governor, possessing experience and
- 3 expertise in business or finance; and
- 4 (d) The commissioner or the commissioner's designee.
- 5 (3) Two (2) members initially appointed to the authority shall have a term of one (1)
- 6 year each, two (2) members initially appointed to the authority shall have a term
- 7 of two (2) years each, and two (2) members initially appointed to the authority
- 8 shall have a term of three (3) years each, except that any person appointed to fill
- 9 a vacancy shall serve only for the remainder of the unexpired term. All
- 10 subsequent appointments shall be for a term of three (3) years.
- 11 (4) Any person appointed to the authority shall be eligible for reappointment.
- 12 (5) The members of the authority shall elect biennially from the authority's
- 13 membership the following offices: chair, vice chair, secretary-treasurer, and any
- 14 assistant secretaries and assistant treasurers the authority deems necessary. The
- 15 commissioner shall not be eligible to hold any of these offices.
- 16 (6) A majority of the members of the authority, determined by excluding any existing
- 17 vacancies from the total number of members, shall constitute a quorum. A
- 18 majority vote of the members present at a duly called meeting of the authority
- 19 shall be required for the purposes of conducting its business and exercising its
- 20 powers and for all other purposes.
- 21 (7) The authority shall prepare bylaws and procedures applicable to the operation of
- 22 the fund and submit them to the commissioner to be promulgated as
- 23 administrative regulations in accordance with KRS Chapter 13A.
- 24 (8) Members of the authority shall be entitled to reimbursement for all necessary
- 25 expenses in connection with the performance of their duties.
- 26 (9) The authority shall meet twice annually and at other times upon call of the
- 27 chairman or a majority of the board to discuss and vote on funding for projects in

1 eligible counties permitted to receive moneys from the fund under subsection (3)
2 of Section 1 of this Act.

3 (10) The authority may invest any and all of the assets of the fund in:

4 (a) Obligations and contracts for future delivery of obligations backed by the
5 full faith and credit of the United States or a United States government
6 agency, including but not limited to:

7 1. United States Treasury;

8 2. Export-Import Bank of the United States;

9 3. Farmers Home Administration;

10 4. Government National Mortgage Corporation; and

11 5. Merchant Marine bonds;

12 (b) Obligations of any corporation of the United States government or
13 government-sponsored enterprise, including but not limited to:

14 1. Federal Home Loan Mortgage Corporation;

15 2. Federal Farm Credit Banks;

16 a. Bank for Cooperatives;

17 b. Federal Intermediate Credit Banks; and

18 c. Federal Land Banks;

19 3. Federal Home Loan Banks;

20 4. Federal National Mortgage Association; and

21 5. Tennessee Valley Authority obligations;

22 (c) Collateralized or uncollateralized certificates of deposit, issued by banks
23 rated in one (1) of the three (3) highest categories by a nationally
24 recognized statistical rating organization or other interest-bearing accounts
25 in depository institutions chartered by this state or by the United States,
26 except for shares in mutual savings banks;

27 (d) Bankers acceptances for banks rated in the highest short-term category by a

- 1 *nationally recognized statistical rating organization;*
- 2 *(e) Commercial paper rated in the highest short-term category by a nationally*
- 3 *recognized statistical rating organization;*
- 4 *(f) Securities issued by a state or local government, or any instrumentality or*
- 5 *agency thereof, in the United States, and rated in one (1) of the three (3)*
- 6 *highest long-term categories by a nationally recognized statistical rating*
- 7 *organization;*
- 8 *(g) United States denominated corporate, Yankee, and Eurodollar securities,*
- 9 *excluding corporate stocks, issued by foreign and domestic issuers,*
- 10 *including sovereign and supranational governments, rated in one (1) of the*
- 11 *three (3) highest long-term categories by a nationally recognized statistical*
- 12 *rating organization;*
- 13 *(h) Asset-backed securities rated in the highest category by a nationally*
- 14 *recognized statistical rating organization;*
- 15 *(i) Shares of mutual funds, each of which shall have the following*
- 16 *characteristics:*
- 17 *1. The mutual fund shall be an open-end diversified investment company*
- 18 *registered under Federal Investment Company Act of 1940, as*
- 19 *amended;*
- 20 *2. The management company of the investment company shall have been*
- 21 *in operation for at least five (5) years;*
- 22 *3. The mutual fund shall be rated in the highest category by a nationally*
- 23 *recognized statistical rating organization; and*
- 24 *(j) State and local delinquent property tax claims which upon purchase shall*
- 25 *become certificates of delinquency secured by interests in real property not*
- 26 *to exceed twenty-five million dollars (\$25,000,000) in the aggregate. For*
- 27 *any certificates of delinquency that have been exonerated pursuant to KRS*

1 *132.220(5), the Department of Revenue shall offset the loss suffered by the*
2 *Finance and Administration Cabinet against subsequent local distributions*
3 *to the affected taxing districts as shown on the certificate of delinquency.*