GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2015 REGULAR SESSION

HOUSE BILL NO. 276

MONDAY, FEBRUARY 23, 2015

The following bill was reported to the Senate from the House and ordered to be printed.

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ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY K. Adler

1 AN ACT relating to wastewater.

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

3 ➔Section 1. KRS 224A.111 is amended to read as follows:

4 (1) The federally-assisted wastewater revolving fund shall be established in the State
5 Treasury and shall be administered by the authority under an agreement with the
6 Energy and Environment Cabinet to assure compliance with the federal act.

7 (2) The fund shall be a dedicated fund and all moneys in the fund shall be dedicated
8 solely to securing the payment of the principal of, interest on, and premium, if any,
9 of revenue bonds issued by the authority under subsection (5) of this section which
10 are to be secured solely by loan payments made by governmental agencies that have
11 been deposited in the fund, making transfers to the federally-assisted water supply
12 revolving fund, and providing financial assistance to government agencies for the
13 construction of publicly owned treatment works as defined in Section 212 of the
14 federal act and for the implementation of a management program established under
15 Section 319 of the federal act and for the development and implementation of a
16 conservation and management plan under Section 320 of the federal act.

17 (3) The authority may enter into grant agreements with the administrator of the United
18 States Environmental Protection Agency and accept capitalization grants for the
19 revolving fund in accordance with payment schedules established with the
20 administrator.

21 (4) All payments from the administrator pursuant to subsection (3) of this section shall
22 be deposited in the dedicated revolving fund.

23 (5) The authority may issue its revenue bonds or seek appropriations for deposit into
24 the revolving fund, including the amounts required to match the capitalization
25 grants from the administrator. An amount not exceeding the amount permitted by
26 the federal act may be used for the reasonable costs of administering the fund, for
27 reviewing and regulating project construction and for other reasonable costs of

1 complying with the federal act.

2 (6) The financial assistance which may be provided to governmental agencies by the
3 revolving fund shall be limited to:

4 (a) Making loans, on the condition that the loans are made at or below market
5 interest rates, including interest free loans; that annual principal and interest
6 payments will commence no later than when project construction is completed
7 ***or one (1) year after initiation of operations*** and all loans will be fully
8 amortized not later than ***thirty (30)***[~~twenty (20)~~] years after project
9 construction is completed; that the recipient of a loan will establish a
10 dedicated source of revenue for repayment of loans; and that the fund will be
11 credited with all payments of principal and interest on all loans;

12 (b) Guaranteeing, or purchasing insurance for obligations of the fund where the
13 action would improve credit market access or reduce interest rates;

14 (c) Providing moneys with which to carry out the requirements of assistance
15 agreements; and

16 (d) Providing a source of revenue or security for the payment of principal and
17 interest on bonds or notes issued by the authority or agencies of the state if the
18 proceeds of the sale of the bonds will be deposited in the fund.

19 (7) The revolving fund shall be established, maintained and credited with repayments
20 and the fund balance shall be available in perpetuity solely for its stated purposes.

21 (8) The authority shall obligate all payments from the administrator of the United States
22 Environmental Protection Agency as well as the required state match, within one (1)
23 year after the receipt of the payments.

24 (9) Financial assistance may be provided from the fund only for those infrastructure
25 projects which the Finance and Administration Cabinet has approved from the
26 prioritization schedule prepared by the Energy and Environment Cabinet.

27 (10) The authority may make and condition loans from the fund as required by state or

1 federal law.

2 (11) The authority shall establish fiscal controls and accounting procedures sufficient to
3 assure proper accounting during appropriate accounting periods for payments and
4 disbursements received and made by the revolving fund and for fund balances at the
5 beginning and end of the accounting period.

6 (12) The authority or the Energy and Environment Cabinet may make or prepare any
7 necessary or required plan or report.

8 (13) The authority or the Energy and Environment Cabinet or the loan recipient shall
9 make available to the administrator of the United States Environmental Protection
10 Agency records which the administrator reasonably requires to review in order to
11 determine compliance with any applicable provision of law.

12 (14) The authority may enter into any necessary or required agreement and give or make
13 any necessary or required assurance or certification with any person to receive
14 payments or grants or to make or provide any financial assistance.

15 (15) The authority may enter into any necessary or required agreement with federal or
16 state agencies or persons to carry out the provisions of this section.

17 (16) If a loan is made from the federally-assisted wastewater revolving fund which will
18 finance the cost of facility planning and the preparation of plans, specifications, and
19 estimates for construction of publicly-owned treatment works, the state shall ensure
20 that if the recipient of the loan receives a grant under section 201(g) of the federal
21 act for construction of such treatment works and an allowance under section
22 201(1)(l) of the federal act for nonfederal funds expended for the planning and
23 preparation, the recipient shall promptly repay the loan to the extent of the
24 allowance.

25 (17) Financial assistance may be provided from the federally assisted wastewater
26 revolving fund only with respect to a project which is consistent with plans, if any,
27 developed under Sections 205(j), 208, 303(e), 319, and 320 of the federal act, as

1 amended.

2 (18) The authority shall require as a condition of making a loan or providing other
3 assistance, as described in KRS 224A.100(6), from the fund that the recipient of the
4 assistance shall maintain project accounts in accordance with generally-accepted
5 governmental accounting standards.

6 (19) Assistance may be provided from the fund, other than under subsection (6)(a) of
7 this section, to a governmental agency with respect to the nonfederal share of the
8 costs of a treatment works project for which the governmental agency is receiving
9 assistance from the administrator of the United States Environmental Protection
10 Agency under any other authority only if the assistance, as determined by the
11 Finance and Administration Cabinet, is necessary to allow the project to proceed.

Speaker-House of Representatives

President of Senate

Attest: Chief Clerk of House of Representatives

Approved Governor

Date 3/30/15