

CHAPTER 186

(HB 9)

AN ACT relating to economic relief for local communities of the Commonwealth and making an appropriation therefor.

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

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 147A IS CREATED TO READ AS FOLLOWS:

- (1) *The General Assembly finds and declares that the purpose of Sections 1 to 9 of this Act is to support the priority communities in the Commonwealth designated by the Interagency Working Group on Coal and Power Plant Communities and Economic Revitalization established by Presidential Executive Order 14008, issued on January 27, 2021.*
- (2) *In enacting Sections 1 to 9 of this Act, it is the intention of the General Assembly to create and establish the Government Resources Accelerating Needed Transformation Program within the Department for Local Government to enable priority communities to access federal funding for projects that are in the public interest and for a public purpose.*
- (3) *The General Assembly further finds and declares that priority communities would benefit from the assistance of their local universities and encourages those entities to assist their priority communities in applying for Government Resources Accelerating Needed Transformation Program funds.*

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 147A IS CREATED TO READ AS FOLLOWS:

As used in Sections 1 to 9 of this Act:

- (1) *"Department" means the Department for Local Government;*
- (2) *"Eligible grant recipient" means a grant applicant that is a public agency as defined in KRS 61.805 or nonprofit entity engaged in public benefit improvements to priority communities;*
- (3) *"Eligible project" means a public benefit project in a priority community or benefiting a priority community with available matching funds that satisfies the evaluation criteria in Section 6 of this Act and that is initiated on:*
 - (a) *Publicly owned property;*
 - (b) *Property to be acquired, which comes with either a:*
 1. *Legally binding letter of intent or option for the sale to an eligible grant recipient; or*
 2. *Sale agreement for the sale to an eligible grant recipient; or*
 - (c) *Private property on which a project is located that is in the public interest and for a public purpose and that benefits a priority community;*
- (4) *"Eligible use" means the authorized purpose for which an awarded grant may be used depending on the source of funds from the Commonwealth. "Eligible use" may include but is not limited to any of the categories in Section 6 of this Act;*
- (5) *"Interagency Working Group" means the Interagency Working Group on Coal and Power Plant Communities and Economic Revitalization established by Presidential Executive Order 14008, issued on January 27, 2021;*
- (6) *"Priority community" means the areas impacted by concentrated, direct coal-related job losses from mine and power plant closures in recent years as designated by the Interagency Working Group; and*
- (7) *"Regional project" means an eligible project that is proposed by eligible grant recipients residing in different counties in this Commonwealth who submit a single grant application.*

➔SECTION 3. A NEW SECTION OF KRS CHAPTER 147A IS CREATED TO READ AS FOLLOWS:

- (1) *The Government Resources Accelerating Needed Transformation Program is hereby established under the department. The department's administration of the program includes but is not limited to the following:*

- (a) *Creating and making available a standardized grant application and a regional grant application;*
 - (b) *Developing a standardized scoring system pursuant to Section 7 of this Act;*
 - (c) *Reviewing and processing the applications and proposals submitted by the proposed grant recipients;*
 - (d) *Verifying and determining whether a grant applicant is an eligible grant recipient and seeking a grant for an eligible project;*
 - (e) *Evaluating the project proposed by the grant application in accordance with the evaluation criteria set forth in Section 6 of this Act;*
 - (f) *Scoring each grant application project pursuant to the scoring system described in Section 7 of this Act;*
 - (g) *Ranking each grant application:*
 - 1. *To prioritize the greatest return on investment and relative positive impact on the priority community; and*
 - 2. *Based on the project evaluation and the project score described in Sections 6 and 7 of this Act;*
 - (h) *Compiling a list of proposed grant recipients whose eligible project demonstrates a high level of investment potential if a grant is made, as revealed by the evaluation, scoring, and ranking process described in this section and Sections 6 and 7 of this Act;*
 - (i) *Providing detailed feedback to the grant applicants after the project evaluation and project score are completed;*
 - (j) *Awarding matching grants to selected eligible grant recipients; and*
 - (k) *Compiling for the annual report submitted under Section 8 of this Act the following information about the project:*
 - 1. *A list of all program applicants;*
 - 2. *The identity of applicants who were not selected for recommendation;*
 - 3. *Trends found in feedback given to applicants who were not selected for recommendation;*
 - 4. *Eligible uses of the projects cited in the grant applications; and*
 - 5. *Any other information requested by the department.*
- (2) *The department shall determine the terms, conditions, and requirements of application for grant funds awarded from the Government Resources Accelerating Needed Transformation Program fund. The department may establish procedures and standards for the review and approval of eligible grant awards through the promulgation of administrative regulations in accordance with KRS Chapter 13A.*
 - (3) *The commissioner of the department shall have the authority to hire staff, contract for services, expend funds, and operate the normal business activities of the Government Resources Accelerating Needed Transformation Program.*
 - (4) *The Government Resources Accelerating Needed Transformation Program shall sunset on December 31, 2026, unless authorized by the General Assembly to continue its work for a specified period of time.*
 - (5) *The Kentucky Council of Area Development Districts and local area development districts shall assist priority communities in identifying available grant opportunities and preparing Government Resources Accelerating Needed Transformation Program applications. Nothing in this subsection prevents any public agency or nonprofit entity from assisting priority communities in identifying and preparing Government Resources Accelerating Needed Transformation Program applications.*
- ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 147A IS CREATED TO READ AS FOLLOWS:
- (1) *To participate in the Government Resources Accelerating Needed Transformation Program, grant applicants shall submit either a standardized or a regional application to the department.*
 - (2) *If a grant application is selected as an eligible grant recipient approved under Section 6 of this Act, it shall comply with any grant agreement and reporting requirements deemed necessary by the department to verify that the awarded grant goes toward an eligible use.*

- (3) *If the selected grant recipient fails to comply with subsection (2) of this section or uses the awarded grant money for any purpose other than an eligible use, the selected eligible grant recipient shall forfeit and be liable to the department for the full award amount.*

➔SECTION 5. A NEW SECTION OF KRS CHAPTER 147A IS CREATED TO READ AS FOLLOWS:

- (1) *There is hereby established in the State Treasury a trust and agency account to be known as the Government Resources Accelerating Needed Transformation Program fund. The fund shall consist of moneys received from state appropriations, gifts, grants, and federal funds.*
- (2) *The fund shall be administered and maintained by the department.*
- (3) *Amounts deposited in the fund shall be used for:*
- (a) *Awarding matching fund grants to applicants of the Government Resources Accelerating Needed Transformation Program upon notification of award of the federal grant requiring matching funds; and*
- (b) *Administration of the program.*
- (4) *Notwithstanding KRS 45.229, moneys in the account not expended at the close of a fiscal year shall not lapse but shall be carried forward into the next fiscal year.*
- (5) *Any interest earnings of the fund shall become a part of the fund and shall not lapse.*
- (6) *Moneys deposited in the fund are hereby appropriated for the purposes set forth in this section and shall not be appropriated or transferred by the General Assembly for any other purposes.*
- (7) *Any amounts obligated under subsection (3)(a) of this section shall be canceled upon denial of the federal award.*
- (8) *By December 1, 2023, and annually thereafter until December 1, 2026, the department shall prepare an annual report detailing the expenditures for the administration of the program from the fund, which shall be included in the annual report submitted under Section 8 of this Act.*

➔SECTION 6. A NEW SECTION OF KRS CHAPTER 147A IS CREATED TO READ AS FOLLOWS:

- (1) *The department shall identify and certify the locations for grant funding assistance by utilizing the designation of priority communities established by the Interagency Working Group. The department shall not approve a project unless it finds that the project is in the public interest and the grant funds will be used for a public purpose. For purposes of this subsection, projects that are in the public interest and for a public purpose can provide private benefit, if the department finds the following:*
- (a) *1. The project will enhance a priority community or region;*
- 2. The granting entity for which the department's matching grant is being used requires a public purpose for grant eligibility; and*
- 3. The department in its judgment concludes the proposal will enhance the quality of life or services in a priority community or region; and*
- (b) *A public purpose includes but is not limited to projects that:*
- 1. Enhance economic vitality, including revitalization of structures that have a public purpose or benefit;*
- 2. Promote or develop an artistic or philanthropic purpose;*
- 3. Improve traditional infrastructure, such as water and wastewater treatment facilities, transmission lines, transportation facilities, and flood and wastewater management;*
- 4. Create or enhance telecommunications infrastructure, including cellular towers, fiber optic expansion, and technology infrastructure;*
- 5. Promote agricultural activities and development;*
- 6. Enhance development of previously mined areas or areas previously used by the coal industry and other industrial activities into uses that diversify the local economy;*

7. *Create or expand recreational facilities, such as walking, hiking, all-terrain vehicle, bike trails, picnic facilities, restrooms, boat docking and fishing piers, and athletic facilities;*
 8. *Acquire private property that promotes local economic vitality and housing development and enhancement;*
 9. *Preserve or enhance buildings that are of local historic or economic interest;*
 10. *Restore or create retail facilities, including related service, parking, and transportation facilities, to revitalize decaying downtown areas;*
 11. *Construct or expand other facilities that promote or enhance economic development or tourism opportunities, thereby promoting the general welfare of local residents;*
 12. *Provide facilities and activities for local residences that enhance quality of life, including but not limited to childcare access and public transportation;*
 13. *Provide vocational and entrepreneurial training for displaced miners and other persons that have lost jobs or have been unable to find employment or business opportunities in the region;*
 14. *Invest in priority communities housing stock removal and remediation to facilitate community preservation and aesthetics; or*
 15. *Create drug and substance abuse rehabilitation programs and facilities.*
- (2) *The department shall evaluate each applicant's eligible project according to the criteria described in this section and Section 7 of this Act for the purpose of compiling a recommendation and score for the eligible project pursuant to Section 7 of this Act.*
- (3) *As part of the evaluation criteria of this section, the department shall consider the following:*
- (a) *Applicant's eligibility when evaluated against the requirements of the federal grant;*
 - (b) *Application completeness when evaluated against the requirements of the grant;*
 - (c) *Application content when evaluated against the federal grant program's publicly available scoring rubric or evaluation criteria, if any;*
 - (d) *Evidence that the project will provide a direct and public benefit to one (1) or more of the priority communities;*
 - (e) *Evidence of community support for the project;*
 - (f) *Likelihood that the applicant can successfully implement the grant-funded project;*
 - (g) *Likelihood that the applicant can successfully manage the federal grant's administration requirements; and*
 - (h) *Overall positive impact for the surrounding community as evidenced by clear and feasible projected outcomes of the grant-funded project.*
- (4) *If a grant applicant is selected as an eligible grant recipient approved under the Government Resources Accelerating Needed Transformation Program, it shall comply with any incentive agreements and reporting requirements deemed necessary by the department to verify that the awarded grant shall go toward an eligible use.*

➔SECTION 7. A NEW SECTION OF KRS CHAPTER 147A IS CREATED TO READ AS FOLLOWS:

- (1) *In the administration of the Government Resources Accelerating Needed Transformation Program, the department shall develop a scoring system for the project proposed by each grant applicant based on the total projected return on investment and the relative positive impact in the priority community.*
- (2) *The scoring system shall include a:*
 - (a) *Score in each category as specified in subsection (3) of this section; and*
 - (b) *Total weighted score, which is the average of the scores in each category.*
- (3) *The scoring categories shall include but are not limited to:*
 - (a) *Projected return on investment the project will yield, which includes an assessment of the:*

1. *Likelihood of project completion both with the department's funding and without;*
2. *Projected gross economic impact of the proposed project on the priority community;*
3. *Projected number of jobs created by the proposed project and subsequent impact on the priority community; and*
4. *A determination of the cost of the project based on the cost expended by the department if it awards the requested grant amount to the applicant; and*

(b) *Relative positive impact the project will have on the surrounding community.*

➔SECTION 8. A NEW SECTION OF KRS CHAPTER 147A IS CREATED TO READ AS FOLLOWS:

By December 1, 2023, and annually thereafter until December 1, 2026, the Department for Local Government shall prepare an annual report of the Government Resources Accelerating Needed Transformation Program to be submitted to the Governor and the Interim Joint Committee on Economic Development and Workforce Investment and make it available on the Department for Local Government's website. The annual report shall include but not be limited to the following:

- (1) *A summary of grant applications received and relevant statistics relating to actions taken by the department and grants awarded, including the applicant, award amount, and the purpose of the funding;*
- (2) *The detailed report of expenditures for the administration of the program prepared under subsection (8) of Section 5 of this Act;*
- (3) *The current balance of the Government Resources Accelerating Needed Transformation Program fund;*
- (4) *Recommendations regarding appropriations to the Government Resources Accelerating Needed Transformation Program fund for the upcoming fiscal year; and*
- (5) *Recommendations for legislation or policy actions needed to facilitate greater receipt of grant funding to priority communities.*

➔SECTION 9. A NEW SECTION OF KRS CHAPTER 147A IS CREATED TO READ AS FOLLOWS:

Sections 1 to 9 of this Act shall be known as the Government Resources Accelerating Needed Transformation Act.

➔Section 10. There is hereby appropriated General Fund moneys in the amount of \$2,000,000 in fiscal year 2023-2024 to the Government Resources Accelerating Needed Transformation Program fund created in Section 5 of this Act for the administration of the program in accordance with Sections 1 to 9 of this Act.

Signed by Governor April 7, 2023.