

1 AN ACT relating to education.

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

3 ➔Section 1. KRS 157.350 is amended to read as follows:

4 Each district which meets the following requirements shall be eligible to share in the
5 distribution of funds from the fund to support education excellence in Kentucky:

- 6 (1) Employs and compensates all teachers for not less than one hundred eighty-five
7 (185) days. The Kentucky Board of Education, upon recommendation of the
8 commissioner of education, shall prescribe procedures by which this requirement
9 may be reduced during any year for any district which employs teachers for less
10 than one hundred and eighty-five (185) days, in which case the eligibility of a
11 district for participation in the public school fund shall be in proportion to the
12 length of time teachers actually are employed;
- 13 (2) Operates all schools for a minimum school term as provided in KRS 158.070 and
14 administrative regulations of the Kentucky Board of Education. If the school term is
15 less than one hundred eighty-five (185) days, including not less than one hundred
16 seventy (170) student attendance days as defined in KRS 158.070 or one thousand
17 sixty-two (1,062) hours of instructional time, for any reason not approved by the
18 Kentucky Board of Education on recommendation of the commissioner, the
19 eligibility of a district for participation in the public school fund shall be in
20 proportion to the length of term the schools actually operate;
- 21 (3) Compensates all teachers on the basis of a single salary schedule and in conformity
22 with the provisions of KRS 157.310 to 157.440;
- 23 (4) Includes no nonresident pupils in its average daily attendance, except:
- 24 (a) 1. **Until July 1, 2022,** pupils listed under a written agreement, which may
25 be for multiple years, with the district of the pupils' legal residence.
- 26 2. If an agreement cannot be reached, either board may appeal to the
27 commissioner for settlement of the dispute.

- 1 3. The commissioner shall have thirty (30) days to resolve the dispute.
 2 Either board may appeal the commissioner's decision to the Kentucky
 3 Board of Education.
 4 4. The commissioner and the Kentucky Board of Education shall consider
 5 the factors affecting the districts, including but not limited to academic
 6 performance and the impact on programs, school facilities,
 7 transportation, and staffing of the districts.
 8 5. The Kentucky Board of Education shall have sixty (60) days to approve
 9 or amend the decision of the commissioner;~~and~~

10 (b) *Beginning July 1, 2022, those nonresident pupils admitted pursuant to*
 11 *district nonresident pupil policies adopted under Section 2 of this Act; and*

12 (c) A nonresident pupil who attends a district in which a parent of the pupil is
 13 employed. All tuition fees required of a nonresident pupil may be waived for a
 14 pupil who meets the requirements of this paragraph.

15 This subsection does not apply to those pupils enrolled in an approved class
 16 conducted in a hospital and pupils who have been expelled for behavioral reasons
 17 who shall be counted in average daily attendance under KRS 157.320;

18 (5) Any secondary school which maintains a basketball team for boys for other than
 19 intramural purposes, shall maintain the same program for girls;

20 (6) Any school district which fails to comply with subsection (5) of this section shall be
 21 prohibited from participating in varsity competition in any sport for one (1) year.
 22 Determination of failure to comply shall be made by the Department of Education
 23 after a hearing requested by any person within the school district. The hearing shall
 24 be conducted in accordance with KRS Chapter 13B. A district under this subsection
 25 shall, at the hearing, have an opportunity to show inability to comply.

26 ➔Section 2. KRS 158.120 is amended to read as follows:

27 (1) *By July 1, 2022, a board of education shall adopt a nonresident pupil policy to*

1 *govern the terms under which the district shall allow enrollment of nonresident*
2 *pupils. Upon allowing nonresident pupil enrollment, the policy shall allow*
3 *nonresident children to be eligible to enroll in any public school located within*
4 *the district. The policy shall not discriminate between nonresident pupils, but may*
5 *recognize enrollment capacity, as determined by the local school district. The*
6 *nonresident pupil policy and any subsequent changes adopted by a board of*
7 *education shall be filed with the Kentucky Department of Education no later than*
8 *thirty (30) days following their adoption.*

9 (2) Any board of education may charge a reasonable tuition fee per month for each
10 child attending its schools whose parent, guardian, or other legal custodian is not a
11 bona fide resident of the district. Any controversy as to the fee shall be submitted to
12 the Kentucky Board of Education for final settlement. The fee shall be paid by the
13 board of education of the school district in which the pupil resides, except in cases
14 where the board makes provision for the child's education within his district. If a
15 board of education is required to pay a pupil's tuition fee, the pupil shall be admitted
16 to a school only upon proper certificate of the board of education of the district in
17 which he resides.

18 (3)~~(2)~~ When it appears to the board of education of any school district that it is
19 convenient for a pupil of any grade residing in that district to attend an approved
20 public school in another district, the board of education may enter into a tuition
21 contract with the public school authorities of the other school district for that
22 purpose, but before a contract is entered into with public school authorities in
23 another state the school shall have been approved by the state school authorities of
24 that state through the grades in which the pupil belongs. When a district undertakes,
25 under operation of a tuition contract or of law, to provide in its school for pupils
26 residing in another district, the district of their residence shall share the total cost of
27 the school, including transportation when furnished at public expense, in proportion

1 to the number of pupils or in accordance with contract agreement between the two
2 (2) boards.

3 ➔Section 3. KRS 156.070 is amended to read as follows:

4 (1) The Kentucky Board of Education shall have the management and control of the
5 common schools and all programs operated in these schools, including
6 interscholastic athletics, the Kentucky School for the Deaf, the Kentucky School for
7 the Blind, and community education programs and services.

8 (2) The Kentucky Board of Education may designate an organization or agency to
9 manage interscholastic athletics in the common schools, provided that the rules,
10 regulations, and bylaws of any organization or agency so designated shall be
11 approved by the board, and provided further that any administrative hearing
12 conducted by the designated managing organization or agency shall be conducted in
13 accordance with KRS Chapter 13B.

14 (a) The state board or its designated agency shall assure through promulgation of
15 administrative regulations that if a secondary school sponsors or intends to
16 sponsor an athletic activity or sport that is similar to a sport for which
17 National Collegiate Athletic Association members offer an athletic
18 scholarship, the school shall sponsor the athletic activity or sport for which a
19 scholarship is offered. The administrative regulations shall specify which
20 athletic activities are similar to sports for which National Collegiate Athletic
21 Association members offer scholarships.

22 (b) Beginning with the 2003-2004 school year, the state board shall require any
23 agency or organization designated by the state board to manage interscholastic
24 athletics to adopt bylaws that establish as members of the agency's or
25 organization's board of control one (1) representative of nonpublic member
26 schools who is elected by the nonpublic school members of the agency or
27 organization from regions one (1) through eight (8) and one (1) representative

1 of nonpublic member schools who is elected by the nonpublic member
2 schools of the agency or organization from regions nine (9) through sixteen
3 (16). The nonpublic school representatives on the board of control shall not be
4 from classification A1 or D1 schools. Following initial election of these
5 nonpublic school representatives to the agency's or organization's board of
6 control, terms of the nonpublic school representatives shall be staggered so
7 that only one (1) nonpublic school member is elected in each even-numbered
8 year.

9 (c) The state board or any agency designated by the state board to manage
10 interscholastic athletics shall not promulgate rules, administrative regulations,
11 or bylaws that prohibit pupils in grades seven (7) to eight (8) from
12 participating in any high school sports except for high school varsity soccer
13 and football, or from participating on more than one (1) school-sponsored
14 team at the same time in the same sport. The Kentucky Board of Education, or
15 an agency designated by the board to manage interscholastic athletics, may
16 promulgate administrative regulations restricting, limiting, or prohibiting
17 participation in high school varsity soccer and football for students who have
18 not successfully completed the eighth grade.

19 (d) 1. The state board or any agency designated by the state board to manage
20 interscholastic athletics shall allow a member school's team or students
21 to play against students of a non-member at-home private school, or a
22 team of students from non-member at-home private schools, if the non-
23 member at-home private schools and students comply with this
24 subsection.

25 2. A non-member at-home private school's team and students shall comply
26 with the rules for student athletes, including rules concerning:

27 a. Age;

- 1 b. School semesters;
- 2 c. Scholarships;
- 3 d. Physical exams;
- 4 e. Foreign student eligibility; and
- 5 f. Amateurs.
- 6 3. A coach of a non-member at-home private school's team shall comply
- 7 with the rules concerning certification of member school coaches as
- 8 required by the state board or any agency designated by the state board
- 9 to manage interscholastic athletics.
- 10 4. This subsection shall not allow a non-member at-home private school's
- 11 team to participate in a sanctioned:
- 12 a. Conference;
- 13 b. Conference tournament;
- 14 c. District tournament;
- 15 d. Regional tournament; or
- 16 e. State tournament or event.
- 17 5. This subsection does not allow eligibility for a recognition, award, or
- 18 championship sponsored by the state board or any agency designated by
- 19 the state board to manage interscholastic athletics.
- 20 6. A non-member at-home private school's team or students may
- 21 participate in interscholastic athletics permitted, offered, or sponsored by
- 22 the state board or any agency designated by the state board to manage
- 23 interscholastic athletics.
- 24 (e) Every local board of education shall require an annual medical examination
- 25 performed and signed by a physician, physician assistant, advanced practice
- 26 registered nurse, or chiropractor, if performed within the professional's scope
- 27 of practice, for each student seeking eligibility to participate in any school

1 athletic activity or sport. The Kentucky Board of Education or any
2 organization or agency designated by the state board to manage interscholastic
3 athletics shall not promulgate administrative regulations or adopt any policies
4 or bylaws that are contrary to the provisions of this paragraph.

5 (f) Any student who turns nineteen (19) years of age prior to August 1 shall not
6 be eligible for high school athletics in Kentucky. Any student who turns
7 nineteen (19) years of age on or after August 1 shall remain eligible for that
8 school year only. An exception to the provisions of this paragraph shall be
9 made, and the student shall be eligible for high school athletics in Kentucky if
10 the student:

- 11 1. Qualified for exceptional children services and had an individual
12 education program developed by an admissions and release committee
13 (ARC) while the student was enrolled in the primary school program;
- 14 2. Was retained in the primary school program because of an ARC
15 committee recommendation; and
- 16 3. Has not completed four (4) consecutive years or eight (8) consecutive
17 semesters of eligibility following initial promotion from grade eight (8)
18 to grade nine (9).

19 (g) 1. The state board or any agency designated by the state board to manage
20 interscholastic athletics shall promulgate administrative regulations that
21 permit a school district to employ or assign nonteaching or noncertified
22 personnel or personnel without postsecondary education credit hours to
23 serve in a coaching position. The administrative regulations shall give
24 preference to the hiring or assignment of certified personnel in coaching
25 positions.

26 2. A person employed in a coaching position shall be a high school
27 graduate and at least twenty-one (21) years of age and shall submit to a

- 1 criminal background check in accordance with KRS 160.380.
- 2 3. The administrative regulations shall specify post-hire requirements for
- 3 persons employed in coaching positions.
- 4 4. The regulations shall permit a predetermined number of hours of
- 5 professional development training approved by the state board or its
- 6 designated agency to be used in lieu of postsecondary education credit
- 7 hour requirements.
- 8 5. A local school board may specify post-hire requirements for personnel
- 9 employed in coaching positions in addition to those specified in
- 10 subparagraph 3. of this paragraph.

11 **(h) Any student who transfers enrollment from a district of residence to a**

12 **nonresident district under subsection (4)(b) of Section 1 of this Act shall be**

13 **ineligible to participate in interscholastic athletics for one (1) calendar year**

14 **from the date of the transfer.**

- 15 (3) (a) The Kentucky Board of Education is hereby authorized to lease from the State
- 16 Property and Buildings Commission, or others, whether public or private, any
- 17 lands, buildings, structures, installations, and facilities suitable for use in
- 18 establishing and furthering television and related facilities as an aid or
- 19 supplement to classroom instruction, throughout the Commonwealth, and for
- 20 incidental use in any other proper public functions. The lease may be for any
- 21 initial term commencing with the date of the lease and ending with the next
- 22 ensuing June 30, which is the close of the then-current fiscal biennium of the
- 23 Commonwealth, with exclusive options in favor of the board to renew the
- 24 same for successive ensuing bienniums, July 1 in each even year to June 30 in
- 25 the next ensuing even year; and the rentals may be fixed at the sums in each
- 26 biennium, if renewed, sufficient to enable the State Property and Buildings
- 27 Commission to pay therefrom the maturing principal of and interest on, and

1 provide reserves for, any revenue bonds which the State Property and
2 Buildings Commission may determine to be necessary and sufficient, in
3 agreement with the board, to provide the cost of acquiring the television and
4 related facilities, with appurtenances, and costs as may be incident to the
5 issuance of the bonds.

6 (b) Each option of the Kentucky Board of Education to renew the lease for a
7 succeeding biennial term may be exercised at any time after the adjournment
8 of the session of the General Assembly at which appropriations shall have
9 been made for the operation of the state government for such succeeding
10 biennial term, by notifying the State Property and Buildings Commission in
11 writing, signed by the chief state school officer, and delivered to the secretary
12 of the Finance and Administration Cabinet as a member of the commission.
13 The option shall be deemed automatically exercised, and the lease
14 automatically renewed for the succeeding biennium, effective on the first day
15 thereof, unless a written notice of the board's election not to renew shall have
16 been delivered in the office of the secretary of the Finance and Administration
17 Cabinet before the close of business on the last working day in April
18 immediately preceding the beginning of the succeeding biennium.

19 (c) The Kentucky Board of Education shall not itself operate leased television
20 facilities, or undertake the preparation of the educational presentations or
21 films to be transmitted thereby, but may enter into one (1) or more contracts to
22 provide therefor, with any public agency and instrumentality of the
23 Commonwealth having, or able to provide, a staff with proper technical
24 qualifications, upon which agency and instrumentality the board, through the
25 chief state school officer and the Department of Education, is represented in
26 such manner as to coordinate matters of curriculum with the curricula
27 prescribed for the public schools of the Commonwealth. Any contract for the

1 operation of the leased television or related facilities may permit limited and
2 special uses of the television or related facilities for other programs in the
3 public interest, subject to the reasonable terms and conditions as the board and
4 the operating agency and instrumentality may agree upon; but any contract
5 shall affirmatively forbid the use of the television or related facilities, at any
6 time or in any manner, in the dissemination of political propaganda or in
7 furtherance of the interest of any political party or candidate for public office,
8 or for commercial advertising. No lease between the board and the State
9 Property and Buildings Commission shall bind the board to pay rentals for
10 more than one (1) fiscal biennium at a time, subject to the aforesaid renewal
11 options. The board may receive and may apply to rental payments under any
12 lease and to the cost of providing for the operation of the television or related
13 facilities not only appropriations which may be made to it from state funds,
14 from time to time, but also contributions, gifts, matching funds, devises, and
15 bequests from any source, whether federal or state, and whether public or
16 private, so long as the same are not conditioned upon any improper use of the
17 television or related facilities in a manner inconsistent with the provisions of
18 this subsection.

19 (4) The state board may, on the recommendation and with the advice of the chief state
20 school officer, prescribe, print, publish, and distribute at public expense such
21 administrative regulations, courses of study, curriculums, bulletins, programs,
22 outlines, reports, and placards as each deems necessary for the efficient
23 management, control, and operation of the schools and programs under its
24 jurisdiction. All administrative regulations published or distributed by the board
25 shall be enclosed in a booklet or binder on which the words "informational copy"
26 shall be clearly stamped or printed.

27 (5) Upon the recommendation of the chief state school officer or his designee, the state

1 board shall establish policy or act on all matters relating to programs, services,
2 publications, capital construction and facility renovation, equipment, litigation,
3 contracts, budgets, and all other matters which are the administrative responsibility
4 of the Department of Education.

5 ➔Section 4. By November 1, 2021, the Kentucky Department of Education shall
6 submit a report to the Legislative Research Commission and the Interim Joint Committee
7 on Education with options on how to ensure the equitable transfer of education funds so
8 that funds follow a nonresident student to a school district of enrollment from a school
9 district of residence. The report shall include recommendations on how the amount
10 should be calculated and what mechanism should be used to conduct the transfer.

11 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO
12 READ AS FOLLOWS:

13 **There is hereby established the Education Opportunity Account Program, also known**
14 **as the EOA program. The purpose of the EOA program is to give more flexibility and**
15 **choices in education to Kentucky residents and to address disparities in educational**
16 **options available to students.**

17 ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO
18 READ AS FOLLOWS:

19 **As used in Sections 5 to 19 of this Act:**

20 **(1) "Account-granting organization" or "AGO" means a nonprofit organization**
21 **that complies with the requirements of Sections 5 to 19 of this Act and:**

22 **(a) Receives contributions, allocates funds, and administers EOAs; or**

23 **(b) Is an intermediary organization;**

24 **(2) "Contribution" means a donation in the form of cash or marketable securities**
25 **that is eligible for the tax credit permitted by Section 16 of this Act;**

26 **(3) "Curriculum" means a complete course of study for a particular content area or**
27 **grade level;**

- 1 (4) "Education opportunity account" or "EOA" means the account to which funds
2 are allocated by an AGO to the parent of an EOA student in order to pay for
3 expenses to educate the EOA student pursuant to the requirements of Sections 5
4 to 19 of this Act;
- 5 (5) "Education service provider" means a person or organization that receives
6 payments from an EOA to provide educational materials and services to EOA
7 students;
- 8 (6) "Eligible student" means a resident of Kentucky who:
9 (a) Is a member of a household with an annual household income at the time
10 of initially applying for an EOA from an AGO under this section of not
11 more than one hundred seventy-five percent (175%) of the amount of
12 household income necessary to establish eligibility for reduced-price meals
13 based on size of household as determined annually by the United States
14 Department of Agriculture applicable to the Commonwealth, pursuant to 42
15 U.S.C. secs. 1751 to 1789;
16 (b) Has previously received an EOA from an AGO under this section; or
17 (c) Is a member of the household of an eligible student that currently has an
18 EOA from an AGO under this section;
- 19 (7) "Eligible taxpayer" means an individual or business, including but not limited to
20 a corporation, S corporation, partnership, limited liability company, or sole
21 proprietorship subject to tax imposed under KRS 141.020, 141.040, or 141.0401;
- 22 (8) "EOA student" means an eligible student who is participating in the EOA
23 program;
- 24 (9) "Income" has the same meaning as in the United States Department of
25 Agriculture, Food and Nutrition Service, Child Nutrition Programs, Income
26 Eligibility Guidelines, Federal Register Vol. 83, No. 89, published May 8, 2018,
27 and as updated annually as authorized by 42 U.S.C. sec. 1758(b)(1)(A);

1 *(10) "Intermediary organization" means a nonprofit organization that complies with*
 2 *the requirements of Sections 5 to 19 of this Act and receives contributions to fund*
 3 *AGOs; and*

4 *(11) "Parent" means a biological or adoptive parent, legal guardian, custodian, or*
 5 *other person with legal authority to act on behalf of an EOA student.*

6 ➔SECTION 7. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO
 7 READ AS FOLLOWS:

8 *(1) Each AGO shall create a uniform process for determining the amount allocated*
 9 *to each eligible student's EOA with the following limitations:*

10 *(a) For eligible students that intend to use the funds in the EOA to pay tuition*
 11 *as described in subsection (2) of Section 2 of this Act, the EOA funds shall*
 12 *not exceed the lesser of:*

13 *1. Their parents' demonstrated financial need as determined by an*
 14 *independent financial analysis performed by an organization that is:*

15 *a. Experienced in evaluating a student's need for financial aid; and*

16 *b. Included on the department's list of approved organizations as*
 17 *required by subsection (2)(a) of Section 12 of this Act; or*

18 *2. The actual amount of tuition and required fees charged by the school*
 19 *to students who do not receive assistance under this program;*

20 *(b) For all other eligible students, the EOA funds shall not exceed the lesser of:*

21 *1. The expected cost of educational services to be provided during the*
 22 *succeeding school year; or*

23 *2. The Commonwealth's guaranteed SEEK base amount for the*
 24 *immediately preceding school year reduced by the percentage equal to*
 25 *one-fourth (1/4) of the percentage by which the applicant's household*
 26 *income exceeds the applicable federal reduced lunch household*
 27 *income threshold; and*

- 1 (c) For students in the foster care system, the AGO shall assume that the
2 student's parents have no income or ability to pay for educational services
3 for the purposes of prioritizing the students and determining the amount of
4 assistance provided under this program.
- 5 (2) The funds in an EOA shall not be used for athletics or any associated fees and
6 shall only be used to pay for the following qualifying expenses if covered by the
7 AGO and incurred for the purpose of educating an EOA student:
- 8 (a) Tuition or fees to attend a prekindergarten to grade twelve (12) public
9 school;
- 10 (b) Tuition or fees for online learning programs;
- 11 (c) Tutoring services provided by an individual or a tutoring facility;
- 12 (d) Services contracted for and provided by a public school, including but not
13 limited to individual classes and extracurricular activities and programs;
- 14 (e) Textbooks, curriculum, or other instructional materials, including but not
15 limited to any supplemental materials or associated online instruction
16 required by either a curriculum or an education service provider;
- 17 (f) Computer hardware or other technological devices that are primarily used
18 to help meet an EOA student's educational needs;
- 19 (g) Educational software and applications;
- 20 (h) School uniforms;
- 21 (i) Fees for nationally standardized assessments, advanced placement
22 examinations, examinations related to college or university admission, and
23 tuition or fees for preparatory courses for these;
- 24 (j) Tuition or fees for summer education programs and specialized after-school
25 education programs, excluding after-school childcare;
- 26 (k) Tuition, fees, instructional materials, and examination fees at a career or
27 technical school;

- 1 (l) Educational services and therapies, including but not limited to
2 occupational, behavioral, physical, speech-language, and audiology
3 therapies provided by a licensed professional;
- 4 (m) Tuition and fees at an institution of higher education for dual credit
5 courses;
- 6 (n) Fees for transportation paid to a fee-for-service transportation provider for
7 the student to travel to and from an education service provider; and
- 8 (o) Tuition and fees to attend a prekindergarten to grade 12 nonpublic school
9 for eligible students who reside in a Kentucky county with a population
10 greater than one hundred fifty thousand (150,000).
- 11 (3) EOA funds shall not be refunded, rebated, or shared with a parent or EOA
12 student in any manner. Any refund or rebate for materials or services purchased
13 with EOA funds shall be credited directly to the student's EOA.
- 14 (4) Parents may make payments for the costs of educational materials and services
15 not covered by the funds in their student's EOA, but personal deposits into an
16 EOA shall not be permitted.
- 17 (5) Funds allocated to an EOA shall not constitute taxable income to the parent or
18 the EOA student.
- 19 (6) (a) An EOA shall remain in force, unless the EOA is closed because of a
20 substantial misuse of funds, and any unused funds shall roll over from
21 quarter to quarter and from year to year until:
- 22 1. The parent withdraws the EOA student from the EOA program;
23 2. The EOA student receives a high school diploma or equivalency
24 certificate; or
- 25 3. The end of the school year in which the student reaches twenty-one
26 (21) years of age;
27 whichever occurs first.

- 1 (b) When an EOA is closed, any unused funds shall revert to the AGO that
2 granted the EOA and be allocated by that AGO to fund other EOAs. If the
3 AGO that granted the EOA is no longer operating, the funds shall be
4 transferred to another AGO operating in good standing with the
5 Commonwealth.
- 6 (7) An AGO shall first prioritize funding EOAs for students, their siblings, and foster
7 children living in the same household who received an EOA in the previous
8 academic year and then to first-time applicants in accordance with subsection (8)
9 of this section.
- 10 (8) For first-time applicants, an AGO shall prioritize awarding EOAs to the
11 applicants as follows:
- 12 (a) A majority of funds available for first-time applicants shall be reserved for
13 students whose household income does not exceed that necessary to
14 establish eligibility for reduced-price meals based on size of household as
15 determined annually by the United States Department of Agriculture
16 applicable to the Commonwealth, pursuant to 42 U.S.C. secs. 1751 to 1789.
17 Within in this group of applicants, the funds shall be further prioritized to
18 fund EOAs in the order of the applicants with the most demonstrated
19 financial need; and
- 20 (b) The remaining unfunded first-time applicants shall be selected for funding
21 based on a random lottery until all remaining funds are allocated to EOAs.
- 22 (9) An AGO may define and limit the services that the EOA funds may cover.
- 23 (10) An AGO shall not accept a contribution from an eligible taxpayer if the eligible
24 taxpayer designates that the contribution shall be used to award an EOA to a
25 particular student.
- 26 (11) Dependents of the AGO's board of directors, its staff, and its donors are ineligible
27 to receive an EOA.

1 ➔SECTION 8. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO
2 READ AS FOLLOWS:

3 *(1) To establish an EOA for an eligible student, the parent shall submit an*
4 *application to an AGO.*

5 *(2) The AGO shall approve an application for an EOA if:*

6 *(a) An AGO verifies that the student on whose behalf the parent is applying is*
7 *an eligible student;*

8 *(b) Funds are available for the EOA; and*

9 *(c) The parent signs an agreement with the AGO:*

10 *1. To use the funds in the EOA only for the covered qualifying expenses;*

11 *2. Not to establish any other EOA for the eligible student with any other*
12 *AGO;*

13 *3. To comply with the rules and requirements of the EOA program; and*

14 *4. Not to use EOA funds to cover the cost of educational materials or*
15 *services if they are currently receiving the same types of materials or*
16 *services through the school district in which the student is enrolled.*

17 *(3) The AGO shall annually renew a student's EOA if funds are available unless the*
18 *student's family income has increased above two hundred fifty percent (250%) of*
19 *the amount of household income necessary to establish eligibility for reduced-*
20 *price meals based on size of household as determined annually by the United*
21 *States Department of Agriculture applicable to the Commonwealth, pursuant to*
22 *42 U.S.C. secs. 1751 to 1789.*

23 *(4) In the event that an eligible student becomes ineligible for reasons other than*
24 *fraud or misuse of funds, the AGO may cease funding for the student's EOA*
25 *provided that:*

26 *(a) The AGO immediately suspends payment of additional funds into the*
27 *student's EOA. For EOAs that have been open for at least one (1) full*

1 school year, the EOA shall remain open and active for the parent to make
2 qualifying expenditures to educate the student from funds remaining in the
3 EOA. When no funds remain in the student's EOA, the AGO may close the
4 EOA;

5 (b) If a parent reapplies to the AGO and signs a new written agreement,
6 payments into the student's existing EOA may resume if the EOA is still
7 open and active. A new EOA may be established if the student's EOA was
8 closed; and

9 (c) An AGO shall adopt policies to provide the least disruptive process possible
10 for EOA students desiring to leave the EOA program.

11 ➔SECTION 9. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO
12 READ AS FOLLOWS:

13 (1) Prior to making a contribution to an AGO, the taxpayer or an AGO acting on
14 behalf of the taxpayer shall apply to the department for preapproval of the tax
15 credit permitted by Section 16 of this Act in a manner prescribed by the
16 department. Each application shall be submitted separately and shall provide the
17 total amount of proposed contributions and the year or years in which the
18 contributions will be made, whether the proposed contributions will be in the
19 form of cash or marketable securities, and the name of the AGO to which the
20 contributions will be made.

21 (2) Subject to the annual tax credit cap established by Section 16 of this Act, the
22 department shall preliminarily approve the amount of tax credit within ten (10)
23 business days of receipt of the application and shall notify the taxpayer and the
24 AGO. The notification shall include the amount of the tax credit preliminarily
25 approved, the name of the AGO to which contributions may be made, and any
26 other information the department deems necessary.

27 (3) If a taxpayer applies or the AGO applies on behalf of the taxpayer for

1 preapproval when no amount of tax credit remains for allocation, but a portion
2 of the total amount of tax credit available is pending verification, the department
3 shall notify the taxpayer and the AGO that the application is being held in
4 abeyance and will be funded on a first-come, first-served basis or will be denied if
5 all preapproved contributions are timely made.

6 (4) (a) The taxpayer shall make the preapproved contribution to the AGO no later
7 than the earlier of:

8 1. Fifteen (15) business days following the date of the department's
9 preapproval notice, excluding weekends and holidays; or

10 2. June 30 of the fiscal year of the preapproval.

11 (b) If the preapproved contribution is in the form of marketable securities, the
12 AGO shall monetize the securities within five (5) business days of receipt,
13 excluding weekends and holidays, and notify the department within ten (10)
14 business days of the monetization of the securities. If the monetized value of
15 the marketable securities is less than the amount of the proposed
16 contribution reflected on the application, the taxpayer shall supplement the
17 contribution with additional cash to equal the amount of contribution
18 reflected on the application. The taxpayer shall not receive preapproval for
19 a tax credit in excess of the amount of proposed contribution reflected on
20 the application form.

21 (5) (a) The AGO shall certify to the department the name of the taxpayer, amount
22 of the contribution made, and the date on which the contribution was made
23 within ten (10) days of when the contribution has been made.

24 (b) Upon receipt of certification that the contribution has been made or the
25 expiration of the ten (10) day period without certification, whichever occurs
26 first, the department shall modify the amount of credit pending
27 certification, the amount of credit allocated to taxpayers, and the remaining

1 credit available for allocation, as applicable.

2 ➔SECTION 10. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO
3 READ AS FOLLOWS:

4 (1) An organization that seeks to become an AGO shall apply for initial certification
5 or renewal of certification from the department.

6 (2) An application for initial certification as an AGO shall include:

7 (a) A copy of the AGO's incorporation documents;

8 (b) A copy of the AGO's Internal Revenue Service determination letter as a
9 Section 501(c)(3) not-for-profit organization;

10 (c) A description of the methodology the AGO will use to evaluate whether a
11 student is eligible to establish an EOA;

12 (d) A description of the application process the AGO will use for parents and
13 eligible students;

14 (e) A description of the methodology the AGO will use to establish, fund, and
15 manage EOAs;

16 (f) A description of the process the AGO will use to approve education service
17 providers;

18 (g) A description of how the AGO will inform parents of approved education
19 service providers; and

20 (h) A description of the AGO's procedures for crediting refunds from an
21 education service provider back to a student's EOA.

22 (3) An application for renewal of certification as an AGO shall include:

23 (a) The AGO's completed Internal Revenue Service Form 990, submitted no
24 later than November 30 of the year before the academic year that the AGO
25 intends to fund EOAs;

26 (b) A copy of any audit that may be required by the department; and

27 (c) 1. An annual report that includes:

- 1 a. The number of applications the AGO received during the
2 previous academic year, by county and by grade level;
- 3 b. The name and address of all students that received EOA funds
4 from the AGO during the previous academic year;
- 5 c. When the AGO is an intermediary organization, the name and
6 address of all AGOs that received funds from the intermediary
7 organization during the last fiscal year;
- 8 d. The total number of EOAs the AGO maintains;
- 9 e. The amount of funds the AGO:
- 10 i.. Received to fund EOAs during the last fiscal year;
- 11 ii. Distributed into EOAs during the last fiscal year;
- 12 iii. Has remaining after the distribution into EOAs and any
13 obligations to fund EOAs in the future;
- 14 iv. Spent on administrative expenses and an accounting
15 thereof during the last fiscal year; and
- 16 v. Spent on fees to private financial management firms or
17 other organizations to maintain records and process
18 transactions of the EOAs;
- 19 f. When the AGO is an intermediary organization, the amount of
20 funds the intermediary organization:
- 21 i. Received to distribute to AGOs during the last fiscal year;
- 22 ii. Distributed to each AGO during the last fiscal year;
- 23 iii. Has remaining after the distribution into AGOs and any
24 obligations to distribute to AGOs in the future;
- 25 iv. Spent on administrative expenses and an accounting
26 thereof during the last fiscal year; and
- 27 v. Spent on fees to private financial management firms or

1 other organizations to maintain records and process
 2 transactions;

3 g. A list of the AGO's approved education service providers; and

4 h. A description of how the AGO has complied with the operational
 5 requirements and responsibilities of Sections 5 to 19 of this Act.

6 2. The annual report shall also:

7 a. Comply with uniform financial accounting standards;

8 b. Be attested to by an independent certified public accountant in
 9 accordance with procedures promulgated by the department; and

10 c. Be free of material misstatements or exceptions.

11 (4) The department shall only certify an AGO or renew an AGO's certification if the
 12 organization meets the requirements established by Sections 5 to 19 of this Act.

13 The department shall issue initial certifications within sixty (60) days of receiving
 14 the application and renew certifications within thirty (30) days of receiving the
 15 application.

16 (5) Upon application for renewal, an AGO shall demonstrate that:

17 (a) It is an intermediary organization that collects contributions exclusively for
 18 the use by AGOs; or

19 (b) It includes two (2) or more education service providers in its EOA program
 20 and has awarded at least fifty (50) EOAs aggregating a minimum of two
 21 hundred thousand dollars (\$200,000) in the previous year and is expected to
 22 award at least fifty (50) EOAs aggregating a minimum of two hundred
 23 thousand dollars (\$200,000) in the succeeding year.

24 ➔SECTION 11. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO
 25 READ AS FOLLOWS:

26 (1) An AGO shall ensure that at least ninety percent (90%) of the total annual
 27 contributions received are allocated to EOAs no later than the last day of the

- 1 AGO's immediately succeeding calendar year or fiscal year, as applicable, unless
2 the current year's total annual contributions received by the AGO exceed an
3 amount equal to the average of the total annual contributions received in the
4 immediately preceding three (3) years by more than fifteen percent (15%), in
5 which case the excess amount may be carried forward and expended for EOAs in
6 three (3) equal installments over the immediately succeeding three (3) years.
- 7 (2) An AGO shall maintain separate accounts for EOA funds and operating funds.
- 8 (3) Any interest that accrues from contributions that are eligible for the tax credit
9 permitted by Section 16 of this Act shall be allocated by the AGO to fund EOAs.
- 10 (4) An AGO shall create a standard application process for parents to establish their
11 student's eligibility for an EOA. An AGO shall ensure that the application is
12 readily available to interested families and may be submitted through various
13 sources, including the Internet.
- 14 (5) An AGO shall provide parents with a written explanation of the allowable uses of
15 EOA funds, the responsibilities of parents, and the duties of the AGO and the role
16 of any private financial management firms or other organizations that the AGO
17 may contract with to process EOA transactions or maintain records for other
18 aspects of the EOA program.
- 19 (6) (a) An AGO may transfer funds to another AGO if additional funds are
20 required to meet EOA demands at the receiving AGO or if the transferring
21 AGO determines it cannot continue to operate due to any reason.
- 22 (b) If funds are transferred for the purpose of meeting EOA demands, no more
23 than a combined aggregate of ten percent (10%) of the AGOs' total annual
24 contributions received may be retained by the AGOs for administrative
25 expenses.
- 26 (c) All transferred funds shall be allocated by the receiving AGO to its account
27 for EOAs.

1 (d) All transferred amounts received by an AGO shall be separately disclosed in
2 the receiving AGO's annual report for certification renewal pursuant to
3 Section 10 of this Act.

4 (e) An AGO that receives a transfer of funds from an AGO that has determined
5 it will not continue to operate shall agree to fund the EOAs established by
6 the transferring AGO to the extent funds are available. The receiving AGO
7 shall also prioritize the funding of transferred EOAs before funding new
8 EOA applicants.

9 (7) An AGO may accept donations that are not eligible for the tax credit permitted by
10 Section 16 of this Act, gifts, and grants to cover administrative costs, to inform
11 the public about the EOA program, to fund additional EOAs or to offer
12 assistance outside of the EOA program. Donations that are not eligible for the tax
13 credit permitted by Section 16 of this Act shall not be subject to Sections 5 to 19
14 of this Act.

15 ➔SECTION 12. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO
16 READ AS FOLLOWS:

17 (1) To administer the tax credit and the total annual tax credit cap established in
18 Section 16 of this Act, the department shall:

19 (a) Create the tax credit application form, the forms to be used by the
20 department to notify the taxpayer and the AGO of preapproval or denial of
21 the credit, and the educational materials to be distributed by the AGO;

22 (b) Create a Web site listing the amount of the total credit pending verification,
23 the amount of the total credit allocated to date, and the remaining credit
24 available to taxpayers making contributions to AGOs;

25 (c) Notify the taxpayer and the AGO of the amount of credit allocated to the
26 taxpayer upon certification that the contribution has been made by the
27 issuance of a tax credit allocation letter, which the taxpayer shall submit

1 with the taxpayer's return when claiming the credit; and
 2 (d) Collect necessary data to provide the report required by subsection (3) of
 3 this section.

4 (2) On or before January 1 of each year, the department shall publish on its Web
 5 site:

6 (a) A list of organizations that have been approved by the department to
 7 perform independent financial analyses of parents' demonstrated financial
 8 needs; and

9 (b) A list of AGOs.
 10 1. If an AGO fails to meet the requirements of this section, the
 11 department shall not include the organization on the list of AGOs the
 12 following calendar year.

13 2. Only contributions to AGOs on the list maintained by the department
 14 for each calendar year shall be recognized for tax credits awarded
 15 under Section 16 of this Act.

16 (3) The department shall produce and publish on its Web site an annual report that
 17 aggregates the data obtained from the annual reports submitted by AGOs for the
 18 renewal of their certification pursuant to Section 10 of this Act. The department's
 19 report shall not include any identifying information of EOA students or AGOs
 20 that would violate the confidentiality requirements in subsection (1) of Section 21
 21 of this Act.

22 ➔SECTION 13. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO
 23 READ AS FOLLOWS:

24 (1) The department may conduct an audit of an AGO or contract for the auditing of
 25 an AGO.

26 (2) (a) In the event that the department determines that there has been a violation
 27 of Sections 5 to 19 of this Act by an AGO, the department shall send written

1 notice to the AGO.

2 (b) The AGO that receives written notice of a violation will have sixty (60) days
 3 from receipt of notice to correct the violation identified by the department.

4 (c) If the AGO fails or refuses to comply after sixty (60) days, the department
 5 may revoke the AGO's certification to participate in the EOA program.

6 (3) An AGO whose certificate has been revoked under this section:

7 (a) May appeal the revocation of its certification to the Kentucky Claims
 8 Commission pursuant to KRS 49.220;

9 (b) Shall continue administering EOAs that were donated prior to the date of
 10 notice stated on the revocation;

11 (c) Shall not accept any further contributions for the purpose of funding EOAs
 12 on or after the date of notice stated on the revocation; and

13 (d) Shall refund any contributions that were received for the purpose of
 14 funding EOAs on or after the date of notice stated on the revocation.

15 ➔SECTION 14. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO
 16 READ AS FOLLOWS:

17 (1) (a) Each AGO shall implement a commercially viable, cost-effective, and
 18 parent-friendly system for payment of services from EOAs to education
 19 service providers.

20 (b) The AGO shall not adopt a system that relies exclusively on requiring
 21 parents to be reimbursed for out-of-pocket expenses, but shall provide
 22 maximum flexibility to parents by facilitating direct payments to education
 23 service providers or requests for preapproval of and reimbursements for
 24 qualifying expenses.

25 (c) An AGO may contract with private financial management firms or other
 26 organizations to develop the payment system.

27 (2) An AGO may contract with private financial management firms or other

1 organizations to maintain records and process transactions of the EOAs.

2 (3) If funding is available, an AGO shall continue making payments into an EOA
 3 until:

4 (a) The parent does not renew the EOA;

5 (b) The AGO determines that the EOA student's family income has increased
 6 above two hundred fifty percent (250%) of the amount of household income
 7 necessary to establish eligibility for reduced-price meals based on size of
 8 household as determined annually by the United States Department of
 9 Agriculture applicable to the Commonwealth, pursuant to 42 U.S.C. secs.
 10 1751 to 1789;

11 (c) The AGO determines that there was substantial misuse of the funds in the
 12 EOA; or

13 (d) The EOA student receives a high school diploma or equivalency certificate.

14 (4) Each AGO shall establish a process for approving education service providers.

15 (5) An AGO may approve education service providers on their own initiative, at the
 16 request of parents, or upon request from prospective education service providers.

17 ➔SECTION 15. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO
 18 READ AS FOLLOWS:

19 (1) Nothing in Sections 5 to 19 of this Act shall be deemed to limit the independence
 20 or autonomy of an education service provider or to make the actions of an
 21 education service provider the actions of the state government.

22 (2) Nothing in Sections 5 to 19 of this Act shall be construed to expand the
 23 regulatory authority of the state, its officers, or any county school district to
 24 impose any additional regulation of education service providers beyond those
 25 necessary to enforce the requirements of the EOA Program.

26 (3) An education service provider that accepts payment from an EOA pursuant to
 27 Sections 5 to 19 of this Act is not an agent of the state or federal government.

1 (4) An education service provider shall not be required to alter its creed, practices,
2 admissions policy, or curriculum in order to accept payments from an EOA.

3 →SECTION 16. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO
4 READ AS FOLLOWS:

5 (1) (a) Effective for taxable years beginning on or after January 1, 2021, but
6 before January 1, 2026, a nonrefundable, nontransferable tax credit shall
7 be permitted against the tax imposed by KRS 141.020 or 141.040 and
8 141.0401, with the ordering of credit as provided in Section 20 of this Act,
9 as applicable, for contributions made during a taxable year to one (1) or
10 more AGOs in accordance with the EOA program. To qualify for this credit,
11 a taxpayer filing as an individual shall elect to claim a federal and
12 Kentucky contribution deduction associated with the contributions made to
13 an AGO that does not exceed an amount equal to the total contribution for
14 the taxable year less the amount of credit allowed by this section for the
15 taxable year.

16 (b) If the taxpayer is a pass-through entity, the taxpayer shall apply the credit
17 against the limited liability entity tax imposed by KRS 141.0401, and shall
18 also pass the credit through to its members, partners, or shareholders in the
19 same proportion as the distributive share of income or loss is passed
20 through.

21 (2) The aggregate value of the total annual tax credit cap awarded shall not exceed
22 twenty-five million dollars (\$25,000,000).

23 (3) The credit amount awarded per taxpayer per taxable year shall be no more than
24 the lesser of:

25 (a) Ninety-five percent (95%) of the total contributions made to an AGO, except
26 as provided in subsection (4) of this section; or

27 (b) One million dollars (\$1,000,000).

1 (4) (a) The taxpayer may elect to pledge a contribution for multiple taxable years,
2 not to exceed a total of four (4) taxable years.

3 (b) If the multi-year pledge is made by the taxpayer and the amount of the
4 contributions for each of the multiple taxable years is equal to or more than
5 the amount of contributions made to the AGO in the taxable year within
6 which the pledge is made, the amount of allowable credit shall be increased
7 by two (2) percentage points to ninety-seven percent (97%) in the taxable
8 year within which the pledge is made and for each pledged year.

9 (c) If the taxpayer does not remit the pledged amount of contributions during
10 any taxable year for which a multi-year pledge is made, the taxpayer shall
11 repay the portion of the credit resulting from the increase allowed by this
12 subsection.

13 (5) Any tax credit awarded under this section that is not used by the taxpayer in the
14 current taxable year may be carried forward for up to five (5) succeeding taxable
15 years until the tax credit has been utilized.

16 (6) Tax credits under this section shall be awarded on a first-come, first-served basis
17 each fiscal year within the limitations set forth in this section. The date and time
18 stamp from each application for preapproval shall establish the order in which
19 the application was received. For contributions pledged for multiple tax years, the
20 contribution shall be considered the first in line for the years subsequent to the
21 initial year of the pledge.

22 ➔SECTION 17. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO
23 READ AS FOLLOWS:

24 The department shall provide the following information to the Interim Joint
25 Committee on Appropriations and Revenue no later than November 1, 2022, and no
26 later than November 1 of each year thereafter as long as the tax credit permitted by
27 Section 16 of this Act is taken:

- 1 (1) All information contained in each annual report filed by an AGO as required by
 2 Section 10 of this Act and the administrative regulations promulgated
 3 thereunder, with each eligible student's identifying information removed and
 4 replaced with an assigned unique identification number;
- 5 (2) The number and total amount of EOAs awarded by AGOs to EOA students
 6 reported by household income range intervals of five thousand dollars (\$5,000);
- 7 (3) The number and total amount of EOAs awarded by AGOs to EOA students:
 8 (a) Who are currently in the Commonwealth's foster care program;
 9 (b) Who have previously received an EOA under this section; and
 10 (c) Who are members of a household in which a student has previously
 11 received an EOA under this section; and
- 12 (4) Any other information that may be necessary to assist the members of the
 13 General Assembly in determining that the purposes of this tax credit are being
 14 fulfilled.

15 ➔SECTION 18. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO
 16 READ AS FOLLOWS:

17 If any part of Sections 5 to 19 of this Act is challenged in state court as violating either
 18 the state or federal constitutions, parents of students who would meet the criteria for
 19 being eligible students as defined by Section 6 of this Act shall be permitted to
 20 intervene as of right in such lawsuit for the purposes of defending the EOA program's
 21 constitutionality.

22 ➔SECTION 19. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO
 23 READ AS FOLLOWS:

24 Sections 5 to 19 of this Act may be cited as the "Education Opportunity Account Act"
 25 or "EOA Act."

26 ➔SECTION 20. KRS 141.0205 is amended to read as follows:

27 If a taxpayer is entitled to more than one (1) of the tax credits allowed against the tax

1 imposed by KRS 141.020, 141.040, and 141.0401, the priority of application and use of
2 the credits shall be determined as follows:

- 3 (1) The nonrefundable business incentive credits against the tax imposed by KRS
4 141.020 shall be taken in the following order:
- 5 (a) The limited liability entity tax credit permitted by KRS 141.0401;
 - 6 (b) The economic development credits computed under KRS 141.347, 141.381,
7 141.384, 141.3841, 141.400, 141.401, 141.403, 141.407, 141.415, 154.12-
8 207, and 154.12-2088;
 - 9 (c) The qualified farming operation credit permitted by KRS 141.412;
 - 10 (d) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
 - 11 (e) The health insurance credit permitted by KRS 141.062;
 - 12 (f) The tax paid to other states credit permitted by KRS 141.070;
 - 13 (g) The credit for hiring the unemployed permitted by KRS 141.065;
 - 14 (h) The recycling or composting equipment credit permitted by KRS 141.390;
 - 15 (i) The tax credit for cash contributions in investment funds permitted by KRS
16 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
17 154.20-258;
 - 18 (j) The research facilities credit permitted by KRS 141.395;
 - 19 (k) The employer High School Equivalency Diploma program incentive credit
20 permitted under KRS 151B.402;
 - 21 (l) The voluntary environmental remediation credit permitted by KRS 141.418;
 - 22 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
 - 23 (n) The clean coal incentive credit permitted by KRS 141.428;
 - 24 (o) The ethanol credit permitted by KRS 141.4242;
 - 25 (p) The cellulosic ethanol credit permitted by KRS 141.4244;
 - 26 (q) The energy efficiency credits permitted by KRS 141.436;
 - 27 (r) The railroad maintenance and improvement credit permitted by KRS 141.385;

- 1 (s) The Endow Kentucky credit permitted by KRS 141.438;
- 2 (t) The New Markets Development Program credit permitted by KRS 141.434;
- 3 (u) The distilled spirits credit permitted by KRS 141.389;
- 4 (v) The angel investor credit permitted by KRS 141.396;
- 5 (w) The film industry credit permitted by KRS 141.383 for applications approved
- 6 on or after April 27, 2018;
- 7 (x) The inventory credit permitted by KRS 141.408; and
- 8 (y) The renewable chemical production credit permitted by KRS 141.4231.
- 9 (2) After the application of the nonrefundable credits in subsection (1) of this section,
- 10 the nonrefundable personal tax credits against the tax imposed by KRS 141.020
- 11 shall be taken in the following order:
- 12 (a) The individual credits permitted by KRS 141.020(3);
- 13 (b) The credit permitted by KRS 141.066;
- 14 (c) The tuition credit permitted by KRS 141.069;
- 15 (d) The household and dependent care credit permitted by KRS 141.067;~~and~~
- 16 (e) The income gap credit permitted by KRS 141.066; and
- 17 (f) The Education Opportunity Account Program tax credit permitted by
- 18 Section 16 of this Act.
- 19 (3) After the application of the nonrefundable credits provided for in subsection (2) of
- 20 this section, the refundable credits against the tax imposed by KRS 141.020 shall be
- 21 taken in the following order:
- 22 (a) The individual withholding tax credit permitted by KRS 141.350;
- 23 (b) The individual estimated tax payment credit permitted by KRS 141.305;
- 24 (c) The certified rehabilitation credit permitted by KRS 171.3961 and
- 25 171.397(1)(b); and
- 26 (d) The film industry tax credit permitted by KRS 141.383 for applications
- 27 approved prior to April 27, 2018.

- 1 (4) The nonrefundable credit permitted by KRS 141.0401 shall be applied against the
2 tax imposed by KRS 141.040.
- 3 (5) The following nonrefundable credits shall be applied against the sum of the tax
4 imposed by KRS 141.040 after subtracting the credit provided for in subsection (4)
5 of this section, and the tax imposed by KRS 141.0401 in the following order:
- 6 (a) The economic development credits computed under KRS 141.347, 141.381,
7 141.384, 141.3841, 141.400, 141.401, 141.403, 141.407, 141.415, 154.12-
8 207, and 154.12-2088;
- 9 (b) The qualified farming operation credit permitted by KRS 141.412;
- 10 (c) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
- 11 (d) The health insurance credit permitted by KRS 141.062;
- 12 (e) The unemployment credit permitted by KRS 141.065;
- 13 (f) The recycling or composting equipment credit permitted by KRS 141.390;
- 14 (g) The coal conversion credit permitted by KRS 141.041;
- 15 (h) The enterprise zone credit permitted by KRS 154.45-090, for taxable periods
16 ending prior to January 1, 2008;
- 17 (i) The tax credit for cash contributions to investment funds permitted by KRS
18 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
19 154.20-258;
- 20 (j) The research facilities credit permitted by KRS 141.395;
- 21 (k) The employer High School Equivalency Diploma program incentive credit
22 permitted by KRS 151B.402;
- 23 (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 24 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 25 (n) The clean coal incentive credit permitted by KRS 141.428;
- 26 (o) The ethanol credit permitted by KRS 141.4242;
- 27 (p) The cellulosic ethanol credit permitted by KRS 141.4244;

- 1 (q) The energy efficiency credits permitted by KRS 141.436;
- 2 (r) The ENERGY STAR home or ENERGY STAR manufactured home credit
- 3 permitted by KRS 141.437;
- 4 (s) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 5 (t) The railroad expansion credit permitted by KRS 141.386;
- 6 (u) The Endow Kentucky credit permitted by KRS 141.438;
- 7 (v) The New Markets Development Program credit permitted by KRS 141.434;
- 8 (w) The distilled spirits credit permitted by KRS 141.389;
- 9 (x) The film industry credit permitted by KRS 141.383 for applications approved
- 10 on or after April 27, 2018;
- 11 (y) The inventory credit permitted by KRS 141.408; ~~and~~
- 12 (z) The renewable chemical production tax credit permitted by KRS 141.4231;

13 **and**

14 **(aa) The Education Opportunity Account Program tax credit permitted by**

15 **Section 16 of this Act.**

- 16 (6) After the application of the nonrefundable credits in subsection (5) of this section,
- 17 the refundable credits shall be taken in the following order:
- 18 (a) The corporation estimated tax payment credit permitted by KRS 141.044;
- 19 (b) The certified rehabilitation credit permitted by KRS 171.3961 and
- 20 171.397(1)(b); and
- 21 (c) The film industry tax credit permitted by KRS 141.383 for applications
- 22 approved prior to April 27, 2018.

23 ➔Section 21. KRS 131.190 is amended to read as follows:

- 24 (1) No present or former commissioner or employee of the department, present or
- 25 former member of a county board of assessment appeals, present or former property
- 26 valuation administrator or employee, present or former secretary or employee of the
- 27 Finance and Administration Cabinet, former secretary or employee of the Revenue

1 Cabinet, or any other person, shall intentionally and without authorization inspect or
2 divulge any information acquired by him of the affairs of any person, or information
3 regarding the tax schedules, returns, or reports required to be filed with the
4 department or other proper officer, or any information produced by a hearing or
5 investigation, insofar as the information may have to do with the affairs of the
6 person's business.

- 7 (2) The prohibition established by subsection (1) of this section shall not extend to:
- 8 (a) Information required in prosecutions for making false reports or returns of
9 property for taxation, or any other infraction of the tax laws;
 - 10 (b) Any matter properly entered upon any assessment record, or in any way made
11 a matter of public record;
 - 12 (c) Furnishing any taxpayer or his properly authorized agent with information
13 respecting his own return;
 - 14 (d) Testimony provided by the commissioner or any employee of the department
15 in any court, or the introduction as evidence of returns or reports filed with the
16 department, in an action for violation of state or federal tax laws or in any
17 action challenging state or federal tax laws;
 - 18 (e) Providing an owner of unmined coal, oil or gas reserves, and other mineral or
19 energy resources assessed under KRS 132.820, or owners of surface land
20 under which the unmined minerals lie, factual information about the owner's
21 property derived from third-party returns filed for that owner's property, under
22 the provisions of KRS 132.820, that is used to determine the owner's
23 assessment. This information shall be provided to the owner on a confidential
24 basis, and the owner shall be subject to the penalties provided in KRS
25 131.990(2). The third-party filer shall be given prior notice of any disclosure
26 of information to the owner that was provided by the third-party filer;
 - 27 (f) Providing to a third-party purchaser pursuant to an order entered in a

- 1 foreclosure action filed in a court of competent jurisdiction, factual
2 information related to the owner or lessee of coal, oil, gas reserves, or any
3 other mineral resources assessed under KRS 132.820. The department may
4 promulgate an administrative regulation establishing a fee schedule for the
5 provision of the information described in this paragraph. Any fee imposed
6 shall not exceed the greater of the actual cost of providing the information or
7 ten dollars (\$10);
- 8 (g) Providing information to a licensing agency, the Transportation Cabinet, or
9 the Kentucky Supreme Court under KRS 131.1817;
- 10 (h) Statistics of gasoline and special fuels gallonage reported to the department
11 under KRS 138.210 to 138.448;
- 12 (i) Providing any utility gross receipts license tax return information that is
13 necessary to administer the provisions of KRS 160.613 to 160.617 to
14 applicable school districts on a confidential basis;
- 15 (j) Providing documents, data, or other information to a third party pursuant to an
16 order issued by a court of competent jurisdiction; or
- 17 (k) Providing information to the Legislative Research Commission under:
- 18 1. KRS 139.519 for purposes of the sales and use tax refund on building
19 materials used for disaster recovery;
- 20 2. KRS 141.436 for purposes of the energy efficiency products credits;
- 21 3. KRS 141.437 for purposes of the ENERGY STAR home and the
22 ENERGY STAR manufactured home credits;
- 23 4. KRS 148.544 for purposes of the film industry incentives;
- 24 5. KRS 154.26-095 for purposes of the Kentucky industrial revitalization
25 tax credits and the job assessment fees;
- 26 6. KRS 141.068 for purposes of the Kentucky investment fund;
- 27 7. KRS 141.396 for purposes of the angel investor tax credit;

- 1 8. KRS 141.389 for purposes of the distilled spirits credit;
- 2 9. KRS 141.408 for purposes of the inventory credit;
- 3 10. KRS 141.390 for purposes of the recycling and composting credit;
- 4 11. KRS 141.3841 for purposes of the selling farmer tax credit;~~and~~
- 5 12. KRS 141.4231 for purposes of the renewable chemical production tax
- 6 credit; **and**

7 **13. Section 17 of this Act for purposes of the Education Opportunity**

8 **Account Program tax credit.**

- 9 (3) The commissioner shall make available any information for official use only and on
- 10 a confidential basis to the proper officer, agency, board or commission of this state,
- 11 any Kentucky county, any Kentucky city, any other state, or the federal government,
- 12 under reciprocal agreements whereby the department shall receive similar or useful
- 13 information in return.
- 14 (4) Access to and inspection of information received from the Internal Revenue Service
- 15 is for department use only, and is restricted to tax administration purposes.
- 16 Information received from the Internal Revenue Service shall not be made available
- 17 to any other agency of state government, or any county, city, or other state, and shall
- 18 not be inspected intentionally and without authorization by any present secretary or
- 19 employee of the Finance and Administration Cabinet, commissioner or employee of
- 20 the department, or any other person.
- 21 (5) Statistics of crude oil as reported to the **department**~~Department of Revenue~~ under
- 22 the crude oil excise tax requirements of KRS Chapter 137 and statistics of natural
- 23 gas production as reported to the **department**~~Department of Revenue~~ under the
- 24 natural resources severance tax requirements of KRS Chapter 143A may be made
- 25 public by the department by release to the Energy and Environment Cabinet,
- 26 Department for Natural Resources.
- 27 (6) Notwithstanding any provision of law to the contrary, beginning with mine-map

1 submissions for the 1989 tax year, the department may make public or divulge only
2 those portions of mine maps submitted by taxpayers to the department pursuant to
3 KRS Chapter 132 for ad valorem tax purposes that depict the boundaries of mined-
4 out parcel areas. These electronic maps shall not be relied upon to determine actual
5 boundaries of mined-out parcel areas. Property boundaries contained in mine maps
6 required under KRS Chapters 350 and 352 shall not be construed to constitute land
7 surveying or boundary surveys as defined by KRS 322.010 and any administrative
8 regulations promulgated thereto.

9 ➔Section 22. KRS 157.320 is amended to read as follows:

10 As used in KRS 157.310 to 157.440, unless the context otherwise requires:

11 (1) "Average daily attendance" means the aggregate days attended by pupils in a public
12 school, adjusted for weather-related low attendance days if applicable, divided by
13 the actual number of days the school is in session, after the five (5) days with the
14 lowest attendance have been deducted.

15 (a) Aggregate days shall include, in addition to the aggregate number of days
16 attended by a pupil who was suspended during a school year, the number of
17 days the pupil was suspended, not to exceed ten (10) days in total for the
18 school year; and

19 (b) Aggregate days shall include, in addition to the aggregate number of days
20 attended by a pupil who was expelled for behavioral problems, the number of
21 days the pupil was expelled up to a total of one hundred seventy-five (175)
22 days. This total may extend into the next school year and shall be counted in
23 the average daily attendance for the next year;

24 (2) "Base funding level" means a guaranteed amount of revenue per pupil to be
25 provided for each school district, to be used for regular operating and capital
26 expenditures;

27 (3) "Board" means the board of education of any county or independent school district;

- 1 (4) "District" means any school district as defined by law;
- 2 (5) "Elementary school" means a school consisting of the primary school program as
3 defined in KRS 158.031 through grade eight (8) ~~as defined in KRS 158.030~~, or
4 any appropriate combination of grades within this range, as determined by the plan
5 of organization for schools authorized by the district board;
- 6 (6) "Support Education Excellence in Kentucky" means the level of educational
7 services and facilities which is to be provided in each district from the public school
8 fund;
- 9 ~~(7) ["Kindergarten full-time equivalent pupil in average daily attendance" means each
10 kindergarten pupil counted no more than one half (1/2) day in the aggregate days
11 attended by kindergarten pupils in a public school divided by the actual number of
12 days school is in session after the five (5) days with the lowest attendance have been
13 deducted. Kindergarten is the entry level of the primary program and shall be
14 provided no less than the equivalent of one half (1/2) day, five (5) days a week for a
15 full school year for each kindergarten pupil;~~
- 16 ~~(8)~~ "Public school fund" means the fund created by KRS 157.330 for use in financing
17 education in public elementary and secondary schools;
- 18 ~~(8)~~(9) "Administrative regulations of the Kentucky Board of Education" means those
19 regulations which the Kentucky Board of Education may adopt upon the
20 recommendation and with the advice of the commissioner of education. The
21 commissioner of education shall recommend administrative regulations necessary
22 for carrying out the purposes of KRS 157.310 to 157.440;
- 23 ~~(9)~~(10) "Experience" means employment as a teacher, other than as a substitute or
24 nursery school teacher, for a minimum of one hundred forty (140) days during a
25 school year in a public or nonpublic elementary or secondary school or college or
26 university that is approved by the public accrediting authority in the state in which
27 the teaching duties were performed. A teacher who is employed by a board for at

1 least one hundred forty (140) days of a school year and who performs teaching
2 duties for the equivalent of at least seventy (70) full school days during that school
3 year, regardless of the schedule on which those duties were performed, shall be
4 credited with one (1) year of experience. A teacher who is employed by a board for
5 at least one hundred forty (140) days during each of two (2) school years and who
6 performs teaching duties for the equivalent of at least seventy (70) full school days
7 during those years shall be credited with one (1) year of experience. No more than
8 one (1) year of experience shall be credited for the performance of teaching duties
9 during a single school year;

10 (10)~~(11)~~ "Secondary school" means a school consisting of grades seven (7) through
11 twelve (12), or any appropriate combination of grades within this range as
12 determined by the plan of organization for schools authorized by the district board.
13 When grades seven (7) through nine (9) or ten (10) are organized separately as a
14 junior high school, or grades ten (10) through twelve (12) are organized separately
15 as a senior high school and are conducted in separate school plant facilities, each
16 shall be considered a separate secondary school for the purposes of KRS 157.310 to
17 157.440;

18 (11)~~(12)~~ "Single salary schedule" means a schedule adopted by a local board from
19 which all teachers are paid for one hundred eighty-five (185) days and is based on
20 training, experience, and such other factors as the Kentucky Board of Education
21 may approve and which does not discriminate between salaries paid elementary and
22 secondary teachers. If the budget bill contains a minimum statewide salary schedule,
23 no teacher shall be paid less than the amount specified in the biennial budget salary
24 schedule for the individual teacher's educational qualifications and experience;

25 (12)~~(13)~~ "Teacher" means any regular or special teacher, principal, supervisor,
26 superintendent, assistant superintendent, librarian, director of pupil personnel, or
27 other member of the teaching or professional staff engaged in the service of the

1 public elementary and secondary school for whom certification is required as a
2 condition of employment;

3 (13)~~((14))~~ "Percentage of attendance" means the aggregate days attended by pupils in a
4 public school for the school year divided by the aggregate days' membership of
5 pupils in a public school for the school year;

6 (14)~~((15))~~ "Middle school" means a school consisting of grades five (5) through eight (8)
7 or any appropriate combination of grades as determined by the plan of organization
8 for schools authorized by the district board;

9 (15)~~((16))~~ "National board certification salary supplement" means an annual supplement
10 added for the life of the certificate to the base salary of a teacher who attains
11 national board certification; and

12 (16)~~((17))~~ "Weather-related low attendance day" means a school day on which the
13 district's attendance falls below the average daily attendance for the prior year due
14 to inclement weather. The district shall submit a request to substitute the prior year's
15 average daily attendance for its attendance on up to ten (10) designated days, along
16 with documentation that the low attendance was due to inclement weather, for
17 approval by the commissioner of education in accordance with Kentucky Board of
18 Education administrative regulations.

19 ➔Section 23. KRS 157.360 is amended to read as follows:

20 (1) (a) In determining the cost of the program to support education excellence in
21 Kentucky, the statewide guaranteed base funding level, as defined in KRS
22 157.320, shall be computed by dividing the amount appropriated for this
23 purpose by the prior year's statewide average daily attendance.

24 (b) When determining the biennial appropriations for the program, the average
25 daily attendance for each fiscal year shall include an estimate of the number of
26 students graduating early under the provisions of KRS 158.142.

27 (2) Each district shall receive an amount equal to the base funding level for each pupil

1 in average daily attendance in the district in the previous year, except a district shall
2 receive an amount equal to one-half (1/2) of the state portion of the average
3 statewide per pupil guaranteed base funding level for each student who graduated
4 early under the provisions of KRS 158.142. Each district's base funding level shall
5 be adjusted by the following factors:

6 (a) The number of at-risk students in the district. At-risk students shall be
7 identified as those approved for the free lunch program under state and federal
8 guidelines. The number of at-risk students shall be multiplied by a factor to be
9 established by the General Assembly. Funds generated under this paragraph
10 may be used to pay for:

- 11 1. Alternative programs for students who are at risk of dropping out of
12 school before achieving a diploma; and
- 13 2. A hazardous duty pay supplement as determined by the local board of
14 education to the teachers who work in alternative programs with
15 students who are violent or assaultive;

16 (b) The number and types of exceptional children in the district as defined by
17 KRS 157.200. Specific weights for each category of exceptionality shall be
18 used in the calculation of the add-on factor for exceptional children; and

19 (c) Transportation costs. The per-pupil cost of transportation shall be calculated
20 as provided by KRS 157.370. Districts which contract to furnish
21 transportation to students attending nonpublic schools may adopt any payment
22 formula which assures that no public school funds are used for the
23 transportation of nonpublic students.

24 (3) Beginning with the 2015-2016 school year and each year thereafter, the General
25 Assembly shall annually allocate funds equal to one-half (1/2) of the state portion of
26 the average statewide per pupil guaranteed base funding level for each student who
27 graduated early under the provisions of KRS 158.142 the previous school year to

1 the Kentucky Higher Education Assistance Authority for deposit in the early
2 graduation scholarship trust fund.

3 (4) The program to support education excellence in Kentucky shall be fully
4 implemented by the 1994-95 school year.

5 (5) (a) Except for those schools which have implemented school-based decision
6 making, the commissioner of education shall enforce maximum class sizes for
7 every academic course requirement in all grades except in vocal and
8 instrumental music, and physical education classes. Except as provided in
9 subsection (6) of this section, the maximum number of pupils enrolled in a
10 class shall be as follows:

- 11 1. Twenty-four (24) in primary grades (kindergarten through third grade);
- 12 2. Twenty-eight (28) in grade four (4);
- 13 3. Twenty-nine (29) in grades five (5) and six (6);
- 14 4. Thirty-one (31) in grades seven (7) to twelve (12).

15 (b) Except for those schools which have implemented school-based decision
16 making, class size loads for middle and secondary school classroom teachers
17 shall not exceed the equivalent of one hundred fifty (150) pupil hours per day.

18 (c) The commissioner of education, upon approval of the Kentucky Board of
19 Education, shall adopt administrative regulations for enforcing this provision.
20 These administrative regulations shall include procedures for a superintendent
21 to request an exemption from the Kentucky Board of Education when unusual
22 circumstances warrant an increased class size for an individual class. A
23 request for an exemption shall include specific reasons for the increased class
24 size with a plan for reducing the class size prior to the beginning of the next
25 school year. A district shall not receive in any one (1) year exemptions for
26 more classes than enroll twenty percent (20%) of the pupils in the primary
27 grades and grades four (4) through eight (8).

- 1 (d) In all schools the commissioner of education shall enforce the special
2 education maximum class sizes set by administrative regulations adopted by
3 the Kentucky Board of Education. A superintendent may request an
4 exemption pursuant to paragraph (c) of this subsection. A local school council
5 may request a waiver pursuant to KRS 156.160(2). An exemption or waiver
6 shall not be granted if the increased class size will impede any exceptional
7 child from achieving his individual education program in the least restrictive
8 environment.
- 9 (6) In grades four (4) through six (6) with combined grades, the maximum class size
10 shall be the average daily attendance upon which funding is appropriated for the
11 lowest assigned grade in the class. There shall be no exceptions to the maximum
12 class size for combined classes. In combined classes other than the primary grades,
13 no ungraded students shall be placed in a combined class with graded students. In
14 addition, there shall be no more than two (2) consecutive grade levels combined in
15 any one (1) class in grades four (4) through six (6). However, this shall not apply to
16 schools which have implemented school-based decision making.
- 17 (7) If a local school district, through its admission and release committee, determines
18 that an appropriate program in the least restrictive environment for a particular child
19 with a disability includes either part-time or full-time enrollment with a private
20 school or agency within the state or a public or private agency in another state, the
21 school district shall count as average daily attendance in a public school the time
22 that the child is in attendance at the school or agency, contingent upon approval by
23 the commissioner of education.
- 24 (8) Pupils attending a center for child learning and study established under an
25 agreement pursuant to KRS 65.210 to 65.300 shall, for the purpose of calculating
26 average daily attendance, be considered as in attendance in the school district in
27 which the child legally resides and which is party to the agreement. For purposes of

1 subsection (1) of this section, teachers who are actually employees of the joint or
2 cooperative action shall be considered as employees of each school district which is
3 a party to the agreement.

4 (9) Program funding shall be increased when the average daily attendance in any
5 district for the first two (2) months of the current school year is greater than the
6 average daily attendance of the district for the first two (2) months of the previous
7 school year. The program funds allotted the district shall be increased by the percent
8 of increase. ~~[- The average daily attendance in kindergarten is the kindergarten full-~~
9 ~~time equivalent pupils in average daily attendance.]~~

10 (10) If the average daily attendance for the current school year in any district decreases
11 by ten percent (10%) or more than the average daily attendance for the previous
12 school year, the average daily attendance for purposes of calculating program
13 funding for the next school year shall be increased by an amount equal to two-thirds
14 (2/3) of the decrease in average daily attendance. If the average daily attendance
15 remains the same or decreases in the succeeding school year, the average daily
16 attendance for purposes of calculating program funding for the following school
17 year shall be increased by an amount equal to one-third (1/3) of the decrease for the
18 first year of the decline.

19 (11) If the percentage of attendance of any school district shall have been reduced more
20 than two percent (2%) during the previous school year, the program funding allotted
21 the district for the current school year shall be increased by the difference in the
22 percentage of attendance for the two (2) years immediately prior to the current
23 school year less two percent (2%).

24 (12) (a) Instructional salaries for vocational agriculture classes shall be for twelve (12)
25 months per year. Vocational agriculture teachers shall be responsible for the
26 following program of instruction during the time period beyond the regular
27 school term established by the local board of education: supervision and

1 instruction of students in agriculture experience programs; group and
2 individual instruction of farmers and agribusinessmen; supervision of student
3 members of agricultural organizations who are involved in leadership training
4 or other activity required by state or federal law; or any program of vocational
5 agriculture established by the Division of Career and Technical Education in
6 the Department of Education. During extended employment, no vocational
7 agriculture teacher shall receive salary on a day that the teacher is scheduled to
8 attend an institution of higher education class which could be credited toward
9 meeting any certification requirement.

10 (b) Each teacher of agriculture employed shall submit an annual plan for summer
11 program to the local school superintendent for approval. The summer plan
12 shall include a list of tasks to be performed, purposes for each task, and time
13 to be spent on each task. Approval by the local school superintendent shall be
14 in compliance with the guidelines developed by the Department of Education.
15 The supervision and accountability of teachers of vocational agriculture's
16 summer programs shall be the responsibility of the local school
17 superintendent. The local school superintendent shall submit to the
18 commissioner of education a completed report of summer tasks for each
19 vocational agriculture teacher. Twenty percent (20%) of the approved
20 vocational agriculture programs shall be audited annually by the State
21 Department of Education to determine that the summer plan has been properly
22 executed.

23 (13) (a) In allotting program funds for home and hospital instruction, statewide
24 guaranteed base funding, excluding the capital outlay, shall be allotted for
25 each child in average daily attendance in the prior school year who has been
26 properly identified according to Kentucky Board of Education administrative
27 regulations. Attendance shall be calculated pursuant to KRS 157.270 and shall

- 1 be reported monthly on forms provided by the Department of Education; and
- 2 (b) Pursuant to administrative regulations of the Kentucky Board of Education,
- 3 local school districts shall be reimbursed for home and hospital instruction for
- 4 pupils unable to attend regular school sessions because of short term health
- 5 impairments. A reimbursement formula shall be established by administrative
- 6 regulations to include such factors as a reasonable per hour, per child
- 7 allotment for teacher instructional time, with a maximum number of funded
- 8 hours per week, a reasonable allotment for teaching supplies and equipment,
- 9 and a reasonable allotment for travel expenses to and from instructional
- 10 assignments, but the formula shall not include an allotment for capital outlay.
- 11 Attendance shall be calculated pursuant to KRS 157.270 and shall be reported
- 12 annually on forms provided by the Department of Education.
- 13 (14) Except for those schools which have implemented school-based decision making
- 14 and the school council has voted to waive this subsection, kindergarten aides shall
- 15 be provided for each twenty-four (24) ~~full-time equivalent~~ kindergarten students
- 16 enrolled.
- 17 (15) Effective July 1, 2001, there shall be no deduction applied against the base funding
- 18 level for any pupil in average daily attendance who spends a portion of his or her
- 19 school day in a program at a state-operated career and technical education or
- 20 vocational facility.
- 21 (16) During a fiscal year, a school district may request that the Department of Education
- 22 recalculate its funds allocated under this section if the current year average daily
- 23 attendance for the twenty (20) day school month as defined in KRS 158.060(1) that
- 24 contains the most days within the calendar month of January exceeds the prior year
- 25 adjusted average daily attendance plus growth by at least one percent (1%). Any
- 26 adjustments in the allotments approved under this subsection shall be proportional
- 27 to the remaining days in the school year and subject to available funds under the

1 program to support education excellence in Kentucky.

2 (17) To calculate the state portion of the program to support education excellence in
3 Kentucky for a school district, the Department of Education shall subtract the local
4 effort required under KRS 157.390(5) from the calculated base funding under the
5 program to support education excellence in Kentucky, as required by this section.
6 The value of the real estate used in this calculation shall be the lesser of the current
7 year assessment or the prior year assessment increased by four percent (4%) plus the
8 value of current year new property. The calculation under this subsection shall be
9 subject to available funds.

10 (18) Notwithstanding any other statute or budget of the Commonwealth language to the
11 contrary, time missed due to shortening days for emergencies may be made up by
12 lengthening school days in the school calendar without any loss of funds under the
13 program to support education excellence in Kentucky.

14 ➔Section 24. KRS 158.060 is amended to read as follows:

15 (1) Twenty (20) school days, or days in which teachers are actually employed in the
16 schoolroom, shall constitute a school month in the common schools.

17 (2) Each full-time teacher shall be provided with a duty-free lunch period each day
18 during the regularly scheduled student lunch period. The duty-free lunch period
19 shall be not less than the length of the lunch period specified in the school calendar
20 approved by the chief state school officer. A full-time teacher may be assigned to
21 lunch room duty during the regularly scheduled student lunch period only for an
22 amount of time equal to the noninstructional time in excess of fifty-five (55)
23 minutes included in the teacher's daily schedule. The calculation of noninstructional
24 time shall not include the teacher's duty-free lunch period, the time teachers are
25 required to be at school prior to the start of the student's instructional day, or the
26 time teachers are required to remain at school after the students are dismissed.

27 (3) Except for children with disabilities and children attending the primary school

1 program who may attend a program of less than six (6) hours per day under policy
2 adopted by the local school district board of education and approved by the
3 commissioner of education and children attending a school district where the local
4 board has approved a schedule that provides at least the equivalent of six (6) hours
5 of daily instruction during the school year, a minimum of six (6) hours of actual
6 school work shall constitute a school day. [~~Kindergarten programs may be operated
7 for less than six (6) hours without state board approval.~~]The Kentucky Board of
8 Education, upon recommendation of the chief state school officer, shall develop and
9 approve regulations governing make up by school districts of whole days missed
10 due to emergencies, or partial days missed as a result of shortening regularly
11 scheduled school days due to emergencies.

12 (4) Teachers shall be provided additional time for nonteaching activities. The
13 nonteaching time shall be used to provide teachers opportunities for professional
14 development activities as provided in KRS 156.095, instructional planning, school-
15 based decision making as provided in KRS 160.345, curriculum development, and
16 outreach activities involving their students' families and the community.

17 (5) Character education programs and activities shall be considered valuable and
18 legitimate components of the actual school work constituting a school day under
19 subsection (3) of this section.