

160.599 Emergency loans to public common school districts.

- (1) A special fund is hereby created which shall be known as "the emergency revolving school loan fund account," hereinafter referred to as account. This account, which shall be administered by the Kentucky Board of Education, is for the purpose of providing emergency loans to eligible public common school districts.
- (2) In order to be eligible for a loan from the account, a school district shall meet all of the following conditions:
 - (a) A loss of physical facilities must have been suffered as a result of a fire or a natural disaster;
 - (b) Insurance on such facilities was insufficient to replace the loss;
 - (c) The district is bonded to practical capacity and has insufficient resources to meet its immediate capital outlay needs as determined by an investigation of the chief state school officer.
- (3) As an alternative to the criteria in subsection (2) of this section, a school district shall be eligible for a loan from the account if the sheriff has failed to collect or disburse delinquent tax revenue, which is for the benefit of the school district, within the fiscal year that the school district is to utilize those receipts according to its budget.
- (4) Under the criteria of subsection (2) of this section, no loan from the account shall be made for a period in excess of ten (10) years, and under the criteria of subsection (3) of this section, no loan from the account shall be made for a period in excess of three (3) years. The maximum amount of any one (1) loan from the account shall not exceed two hundred fifty thousand dollars (\$250,000) and shall be determined by the Kentucky Board of Education on recommendation of the chief state school officer.
- (5) The Kentucky Board of Education shall establish the terms and conditions for repaying the principal of such loan and interest shall not be charged on the loan. No loan shall cover a loss prior to January 1, 1972.
- (6) School districts eligible under this section to borrow from the account shall file formal application for such loan on forms provided by the state department of education. Before any loan is made, the application must be approved by the Kentucky Board of Education on the recommendation of the chief state school officer.
- (7) All repayments of loans made under this section shall be paid into the emergency revolving school loan fund account, which shall be funded by an appropriation through the biennial budget. Balances remaining in the fund shall not revert to the general fund at the end of any fiscal year.
- (8) On approval of the loan application by the Kentucky Board of Education on the recommendation of the chief state school officer, the Finance and Administration Cabinet, on the certification of the chief state school officer, shall draw a warrant on the State Treasurer for the amount of the approved loan that is due the school district. The check shall be issued by the State Treasurer and transmitted to the Department of Education for distribution to the proper official of the school district

when the district has complied with the rules and regulations of the Kentucky Board of Education.

- (9) Any loan to a local school district under the provisions of this section shall not be considered as an indebtedness of the school district within the meaning of Sections 157 and 158 of the Kentucky Constitution.

Effective: July 15, 1996

History: Amended 1996 Ky. Acts ch. 362, sec. 6, effective July 15, 1996. -- Amended 1990 Ky. Acts ch. 476, Pt. III, sec. 114. -- Amended 1978 Ky. Acts ch. 155, sec. 82, effective June 17, 1978. -- Created 1974 Ky. Acts ch. 133, sec. 1.