

42.200 Water project interest rate buy down fund -- Funding sources, purposes, uses, and administration.

- (1) The water project interest rate buy down fund is hereby created as a special fund in the State Treasury. The fund may receive state appropriations, gifts, grants, and federal funds and shall include earnings from investments of moneys in the fund. Any fund balance at the close of the fiscal year shall not lapse but shall be carried forward to the next fiscal year, and moneys in this fund shall be continuously appropriated only for the purposes specified in this section.
- (2) The fund shall be used to provide financial assistance to government agencies for the construction of publicly owned water supply projects located in rural areas of the Commonwealth. In order to qualify for the financial assistance, the governmental agency shall obtain a loan from a bank or combined bank and trust company organized under the laws of this Commonwealth and at an interest rate no greater than two (2) percentage points higher than the current prime rate. The financial assistance provided shall consist of an annual grant to the governmental agency to be made over the life of the loan obtained by the governmental agency for the construction of the publicly owned water supply project. The amount of the annual grant shall be calculated over the life of the loan to provide to the governmental agency each year the portion of the interest on the loan calculated at a four percent (4%) interest rate. The governmental agency shall be responsible for the payment of the interest on the loan in excess of the four percent (4%) interest rate and for the payment of the principal on the loan.
- (3) The Finance and Administration Cabinet shall administer the fund and may promulgate administrative regulations as necessary to implement the provisions of this section. The Department for Local Government shall advise government agencies of the fund and how to apply for moneys from the fund.
- (4) The provisions of this section shall be known and may be cited as the Kentucky Rural Water Act.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 117, sec. 20, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 47, sec. 14, effective June 26, 2007. -- Amended 1998 Ky. Acts ch. 69, sec. 6, effective July 15, 1998. -- Created 1996 Ky. Acts ch. 322, sec. 1, effective July 15, 1996.