

#### **48.110 Contents of branch budget recommendations.**

Each branch budget recommendation shall contain a complete financial plan for the branch of government for each of the next two (2) fiscal years. Each branch budget recommendation shall include:

- (1) A budget message signed by:
  - (a) The Governor for the executive branch;
  - (b) The Chief Justice for the judicial branch; and
  - (c) The co-chairmen of the Legislative Research Commission for the legislative branch;
- (2)
  - (a) Statements of income and receipts for the two (2) fiscal years last concluded, and the estimated income and receipts, for each budget unit of the branch of government for the current fiscal year and each of the next two (2) fiscal years.
  - (b) The statements of income and estimated income shall be itemized by budget unit and fund, and shall show separately receipts from:
    1. Current income;
    2. Refunds and reimbursements of expenditures;
    3. The sale of assets; and
    4. Receipts on account of the income of prior years.
  - (c) Existing sources of income and receipts shall be analyzed as to their equity, productivity and need for revision, and any proposed new sources of income or receipts shall be explained;
- (3) A statement of the surplus in any account and in any special fund of the branch of government. If a surplus exists in any account of the branch of government the statement shall show the excess of all current assets over all current liabilities as of the beginning of each of the two (2) fiscal years last concluded, and all changes in these accounts during each of such two (2) fiscal years;
- (4) A statement as of the close of the last completed fiscal year and as of the close of the current fiscal year showing, for each budget unit the total funded debt, the value of sinking fund assets, the net funded debt, the floating liabilities as of the end of the current fiscal year, and the total debt as of the close of the last completed fiscal year and as of the close of the current fiscal year;
- (5) Summary and detailed comparative statements of expenditures itemized by budget unit for each of the two (2) fiscal years last concluded and requests for appropriations by funds or accounts, the budget of the current year, and the recommendations for appropriations for each of the next two (2) fiscal years. Following the lists of actual and proposed expenditures of each budget unit there shall be a detailed explanation of the actual and proposed expenditures, to include activities, beneficiaries and expected results of the programs or services of the budget units;
- (6) A draft of the proposed branch budget bill containing:

- (a) Recommendations of the branch of government for appropriations for the next two (2) fiscal years, and drafts of such revenue and other acts as may be recommended for implementing the proposed financial plan;
- (b) Recommended appropriations for extraordinary expenses and capital outlays, which shall be itemized in the proposed branch budget bill for the branch by budget unit. The title of each budget unit shall be worded to limit each appropriation to the specific use or purpose intended;
- (c) A plan for the reduction of the branch budget if there is a revenue shortfall of five percent (5%) or less in the general fund or road fund. In recommending budget reductions, the Governor, the Chief Justice, and the Legislative Research Commission shall not recommend universal percentage reductions, but shall weigh the needs of all budget units and shall strive to protect the highest possible level of service in their respective branches. Services which are not essential to constitutional functions shall be subject to reduction. Transfer of funds may be authorized by the budget reduction plan;
- (d)
  - 1. A plan for the expenditure of a general fund or road fund surplus of up to two and one-half percent (2.5%).
  - 2. The plan shall include provisions for the expenditure of a surplus, and may provide for additional moneys for nonrecurring expenditures for which an appropriation was not made in a branch budget bill, or for a program or service authorized by law for which an appropriation was not made, or which was not fully funded.
  - 3. In lieu of recommending the appropriation of funds, the plan may instead recommend the retention of surplus funds in the surplus account of the general fund or road fund for investment until appropriated by the General Assembly;
- (e)
  - 1. A recommended state capital projects program and a recommended program for the purchase of major items of equipment.
  - 2. The recommended capital construction program shall include:
    - a. A complete list and summary description of each specific capital construction project recommended for funding during the biennium; and
    - b. For each project:
      - i. The agency and purpose for which it will be used;
      - ii. The justification for the project;
      - iii. Its estimated completion date;
      - iv. The total estimated cost of completing the project;
      - v. The estimated cost of the project during the biennium;
      - vi. The recommended sources of funds for the entire project; and

- vii. The dollar amounts recommended for appropriation and the dollar amounts, listed by source, that are anticipated from every other source of funds for the biennium.
3. All information required by subparagraph 2. of this paragraph shall be included in each branch budget recommendation. Each branch budget bill shall contain only a complete list of the specific capital construction projects recommended for funding during the biennium and, for each project, the information specified in subparagraph 2.b.v., vi., and vii. of this paragraph.
4. A report which details the effect of recommended new debt on the debt position of the Commonwealth shall be submitted at the same time the recommended capital program is submitted. Information shall be presented separately, and in total, for the general fund, road fund, and any affected restricted fund account.
5. Information in the report shall include but not be limited to the following:
  - a. Debt service on existing appropriation-supported debt, as a percentage of anticipated total revenues;
  - b. Debt service on existing appropriation-supported debt, as a percentage of anticipated available revenues;
  - c. The sum of debt service on existing appropriation-supported debt and debt service on recommended new appropriation-supported debt, as a percentage of anticipated total revenues;
  - d. The sum of debt service on existing appropriation-supported debt and debt service on recommended new appropriation-supported debt, as a percentage of anticipated available revenues;
  - e. The sum of debt service on existing appropriation-supported debt and debt service on recommended new appropriation-supported debt, as a percentage of estimated state total personal income; and
  - f. The sum of existing appropriation-supported debt and recommended new appropriation-supported debt, as a percentage of estimated state total personal income.
6. The recommended program for the purchase of major items of equipment submitted by the head of each branch of government shall include:
  - a. A complete list and summary description of each specific major item of equipment recommended for purchase during the biennium; and
  - b. For each major item of equipment:
    - i. The agency and purpose for which it will be used;
    - ii. The justification for the purchase;

- iii. The estimated cost of the item, including ancillary expenses and any expenses necessary to make the equipment functional and operational;
    - iv. The recommended sources of funds; and
    - v. The dollar amounts recommended for appropriation and anticipated from every other source of funds for the purchase.
  7. All information required by subparagraph 5. of this paragraph shall be included in the executive branch budget recommendation. The branch budget bill for the executive branch shall contain only a complete list of each specific item of major equipment recommended for purchase during the biennium and, for each item, the information specified in subparagraph 6.b.iii., iv., and v. of this paragraph;
- (f) The branch budget recommendation for the Transportation Cabinet shall include the following information:
  1. A separate branch budget bill;
  2. A recommended biennial highway construction plan, which shall be presented as a separate bill, and which shall include a list of individual transportation projects included in the last four (4) years of the six (6) year road plan, not to exceed ten percent (10%) of the recommended biennial highway construction appropriation, which can be advanced if:
    - a. Additional funds are received; and
    - b. All projects included in the biennial highway construction plan have been advanced or completed to the extent possible; and
  3. The six (6) year road plan. The Governor shall have ten (10) working days after submission of the branch budget recommendation and the recommended biennial highway construction plan to submit the six (6) year road plan. The six (6) year road plan shall be submitted in a form and format cooperatively developed by the Transportation Cabinet and the General Assembly and approved by the Legislative Research Commission; and
- (g)
  1. In the executive branch budget recommendation, as a separate section, an amount sufficient to meet unexpected contingencies or emergencies, including but not limited to natural or man-made disasters, civil disorders, court orders requiring or resulting in the expenditure of state funds, or other related causes.
  2. The amount shall be based on the nature, type, and frequency of named categories of events which may, from past experience, be reasonably anticipated.
  3. This portion of the budget recommendation shall detail similar incidents and the nature and amount of the expenditures for each during the ten (10) years immediately preceding.

The total amount of appropriations recommended from any fund shall not exceed the cash resources estimated to be available and to become available to meet expenditures under the appropriations;

- (7) A certificate of the branch of government as to the accuracy of the statements of financial condition, of income and receipts, and of expenditures; and
- (8) Such other information as is deemed desirable, or is required by law or regulation.

**Effective:** June 25, 2009

**History:** Amended 2009 Ky. Acts ch. 78, sec. 3, effective June 25, 2009. -- Amended 1990 Ky. Acts ch. 507, sec. 7, effective July 13, 1990. -- Created 1982 Ky. Acts ch. 450, sec. 8, effective July 1, 1983.

**Legislative Research Commission Note** (6/25/2009). The Reviser of Statutes has altered the numbering of subsection (6)(d), (e), and (g) of this statute from the way it appeared in 2009 Ky. Acts ch. 78, sec. 3, under KRS 7.136(1)(c).