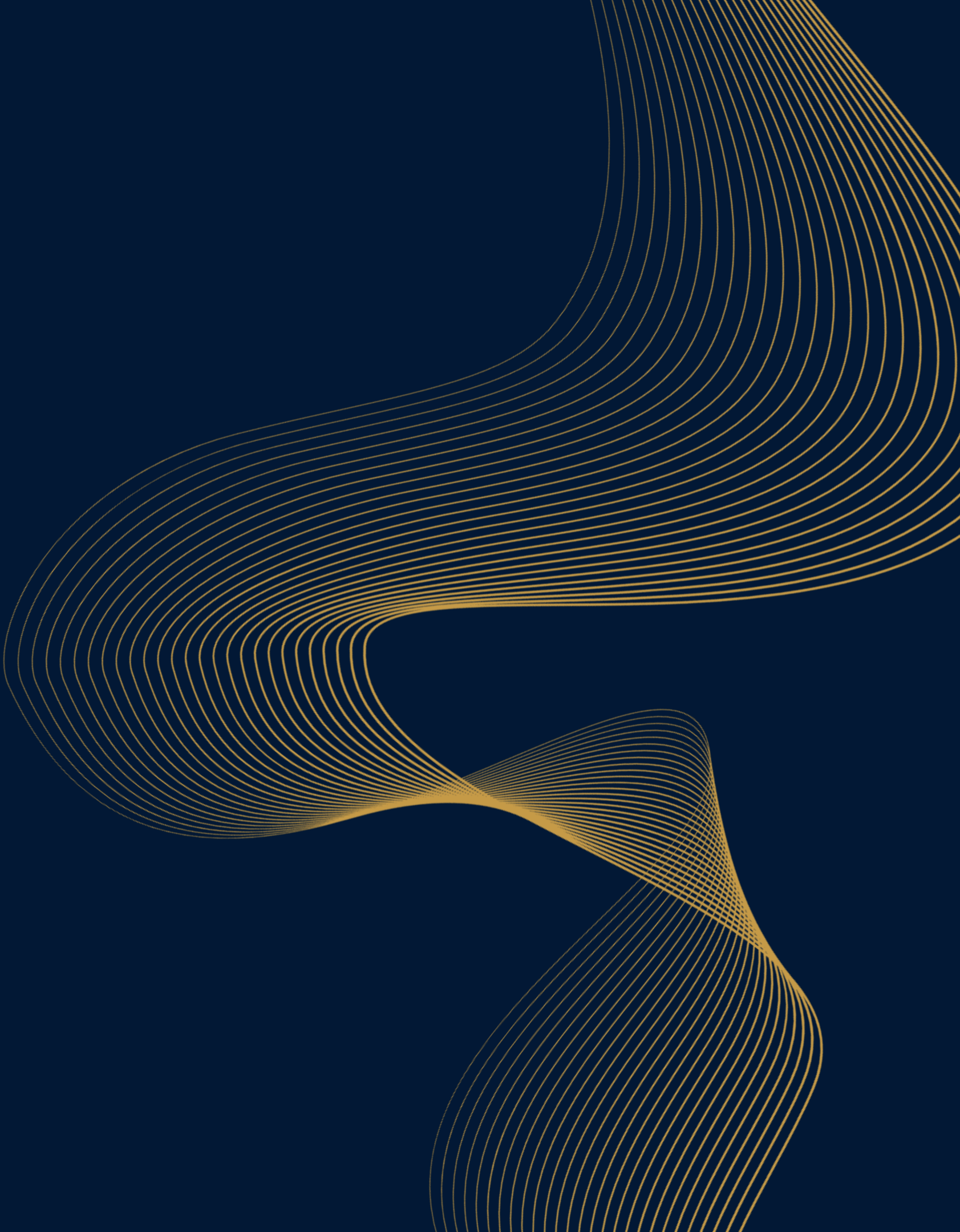


50 Years

Office of State Grants

TEAM
KENTUCKY®

DEPARTMENT FOR
LOCAL GOVERNMENT



DLG State Grant Programs

- Local Government Economic Assistance Fund (LGEAF)
- Local Government Economic Development Fund (LGEDF)
- Flood Control - Local Match Participation Program (LMPP)
- Regional Development Agency Assistance Program (RDAAP)
- Legislative Line-Item Appropriations & Programs

Office of State Grants Staff

- Mark Williams, Executive Director
- Laura Redmon, Budget Manager
- Aaron Jones, Branch Manger
- Troy Shrout, Budget Specialist
- Lisa Dale, Local Government Advisor
- Jessica Wagoner, Local Government Advisor

Coal Development Branch & Special Programs Branch

- **Coal Development Branch administers the following:**

- Local Government Economic Development Fund (LGEDF) Single-County Coal Severance Program
- Local Government Economic Assistance Fund (LGEAF) Coal and Mineral Severance Program

- **Special Programs Branch administers the following:**

- Regional Development Agency Assistance Program (RDAAP)
- Flood Control Local Match Participation Program (LMPP)

FY's 26-28 Line-Item Appropriations

□ Types of Appropriation per Legislation

- House Bill 900
- House Bill 900, as amended by Senate Bill 197
- Senate Bill 197
- House Bill 500 (Budget Bill)

Line-Item Appropriation Quarterly Reports

- Quarterly Reports (QR) are due on the 30th of the month following the end of each quarter period.
 - 1st Quarter (July-September) Due October 30th
 - 2nd Quarter (October-December) Due January 30th
 - 3rd Quarter (January-March) Due April 30th
 - 4th Quarter (April-June) Due July 30th
- Purpose is to ensure disbursement reporting is consistent with expenditures and financial accounting documentation remain accurate and updated for active projects.
- Required for all active projects (even if funds have not been expended).
- QR may be submitted via email to **Lisa Dale**: lisa.dale@ky.gov.

Local Match Participation Program (LMPP)

- **KRS 147A.029** Disbursement of funds for Local Match Participation Program
- **LMPP** - system of grants used to assist local governments to meet cost-share match requirements for flood-related projects, flood control planning, and mitigation activities.
- HB 500 allocates \$6,000,000.00 for each fiscal year (FY26-28).
- Eligible applicants: City governments, County governments, Joint applicants (City-County or Multiple Counties), Soil & Water Conservation Districts or Watershed Conservancy Districts.
- Competitive grant.

Local Match Participation Program (LMPP)

ONE MAIN REQUIREMENT

- **Project must secure funding from a federal agency or sponsor.**
- DLG will fund up to 50% of the total project.
- **Federal Agencies:** U.S. Army Corps of Engineers (USACE), Federal Emergency Management Agency (FEMA), U.S. Geological Survey (USGS), Natural Resources Conservation Service (NRCS), U.S. Department of Agriculture Rural Development (RD)
- **Federal Sponsored Funding:** Kentucky Transportation Cabinet (KYTC), Kentucky Emergency Management (KYEM)

LMPP Eligible Projects

□Structural

- Local cost-share match requirements for federal Disaster Recovery (public property).
- Demolition or re-location of public property in flood prone areas.
- Construction, reconstruction or demolition of floodwalls, floodgates, levees, small dams.
- Floodwater diversion and storage.
- Debris removal from creeks and small rivers.

□Non-Structural

- Acquisition of property in flood prone areas.
- Flood inundation mapping.
- Elevation studies.
- Stream flow gauges.

LMPP Application Process

- Applications accepted year-round.
- Must submit:
 - 1) Application**
 - 2) Authorizing Resolution**
 - 3) Copy of executed legally binding agreement or commitment letters with federal sponsor agency.**
- Applications can be located on DLG's website:
<https://dlg.ky.gov/grants/state/Pages/default.aspx>
- Applications may be submitted via email to **Aaron Jones:**
aaronj.jones@ky.gov.

Regional Development Agency Assistance Program (RDAAP)

- **RDAAP**: system of grants used to assist agencies, designated by the fiscal courts of each Tennessee Valley Authority (TVA) county, for the purpose of economic development and job creation activities.
- **KRS 96.895** – defines the program, tax collection and transfers, allocations of funds.
- **KRS 96.905** – use of funds, administration of funds, certification of proper use of funds.
- Program funds separate from TVA payments in lieu of taxes.

RDAAP Appropriation & Annual Allocation

□ Per KRS 96.895:

- HB 500 allocates \$6,000,000.00 for each fiscal year FY 2026-2028, which is divided equally among the 39 TVA counties.
- FY 2027 & 2028, each TVA county will receive a deposit of **\$153,846.15** for each fiscal year.
- Regional development agencies shall be a ***Special Purpose Governmental Entity (SPGE)***, as defined in KRS 65A.010(9).
 - Economic/Industrial Development Authorities are already registered as SPGE's.

RDAAP Eligible Activities

□ Per KRS 96.905:

- Grants obtained under this program shall be used for:
 1. **Economic development and job creation activities;**
 2. **Acquiring federal, state, or private matching funds; and**
 3. **Debt service for approved projects.**
- Grants shall **NOT** be used for:
 1. **Salaries;**
 2. **Consulting fees; or**
 3. **Operational expenses.**

RDAAP Application & Access Funding

❑ **County Fiscal Court is the Applicant.**

- **KRS 96.895** requires the legislative body of an eligible county to submit an application to access the funds for an eligible project. Counties may submit joint applications.

❑ **Designated SPGE is the Recipient of funds.**

▪ **Authorizing Resolution**

- Authorizes both the submittal of application and designated SPGE to provide required documentation for the project.

▪ **SPGE Designation Resolution**

- Must be in good standing with DLG's SPGE Branch.
- Designates SPGE as Recipient of funds, authorizes the SPGE CEO to execute MOA, and provide required documentation to administer the project.

RDAAP Application & Access Funding

- Applications accepted year-round (Finance & Administration Cabinet OPS Deadline for each fiscal year is **May 1st**).
- Must submit:
 - 1) Project Scope & Budget**
 - 2) Legislative Concurrence Letters (each county's legislators)**
 - 3) Authorizing & SPGE Designation Resolution.**
- Applications can be located on DLG's website:
<https://dlg.ky.gov/grants/state/Pages/default.aspx>
- Applications may be submitted via email to **Aaron Jones:**
aaronj.jones@ky.gov

RDAAP Legislative Annual Report

□ Per KRS 96.895:

- (10) All agencies receiving funds under this section shall provide a written report annually, no later than October 1, to the fiscal court that designated it for payment and to the Interim Joint Committee on Appropriations and Revenue. The report shall describe how the funds were expended and the results of the use of funds in terms of economic development and job creation.
- Provide brief description of prior fiscal year project information:
 - **Project Name**
 - **Funding Amount**
 - **Scope of Work**

Severance Fund Programs

- ❑ Each quarter, coal and mineral severance tax revenue is disbursed through two programs:
 1. **Local Government Economic Assistance Fund (LGEAF)**
 2. **Local Government Economic Development Fund (LGEDF)**

LGEAF Mineral Severance Distribution

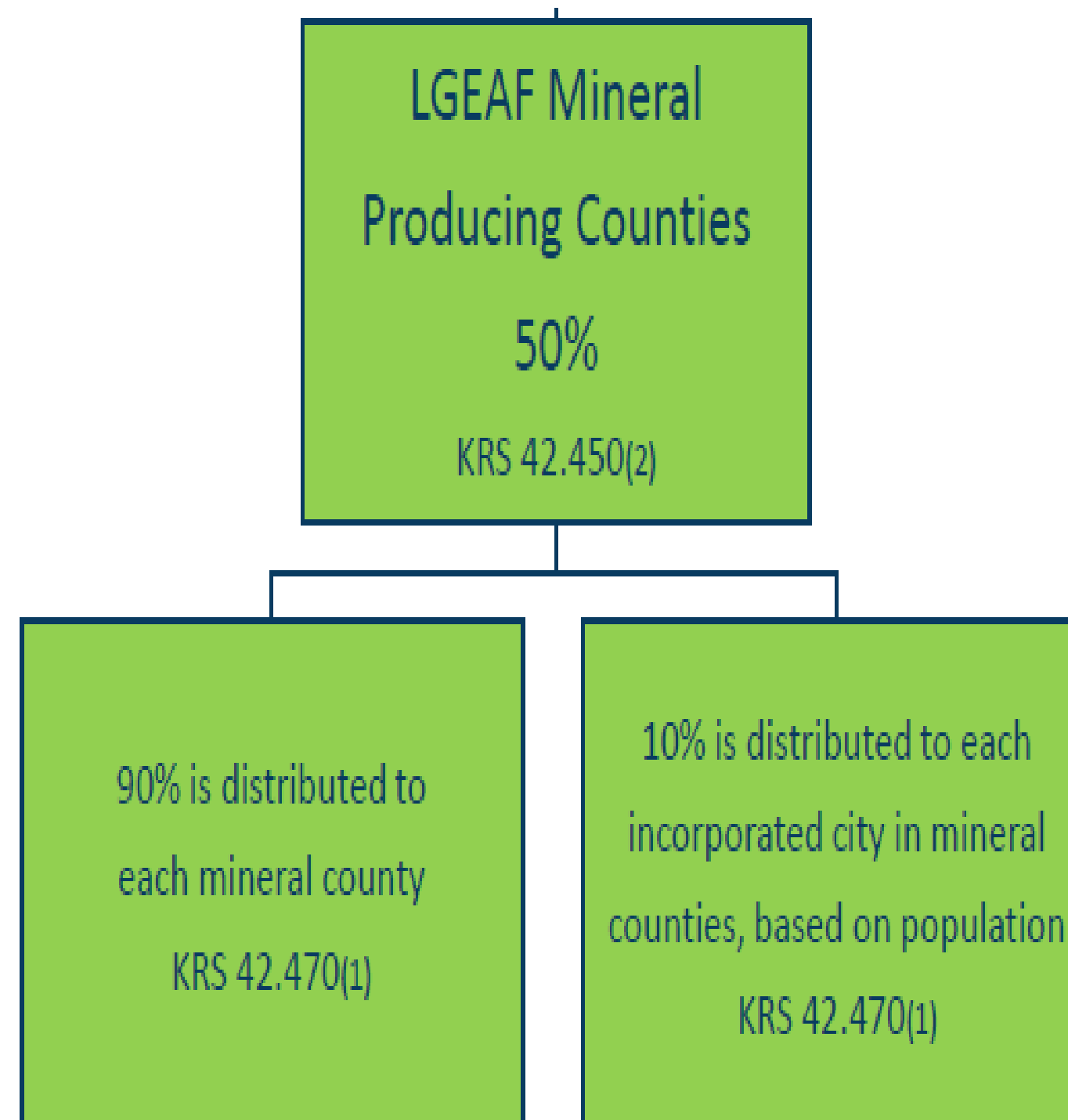
**Gross Mineral Severance
Tax Revenue**

State
General Fund
50%

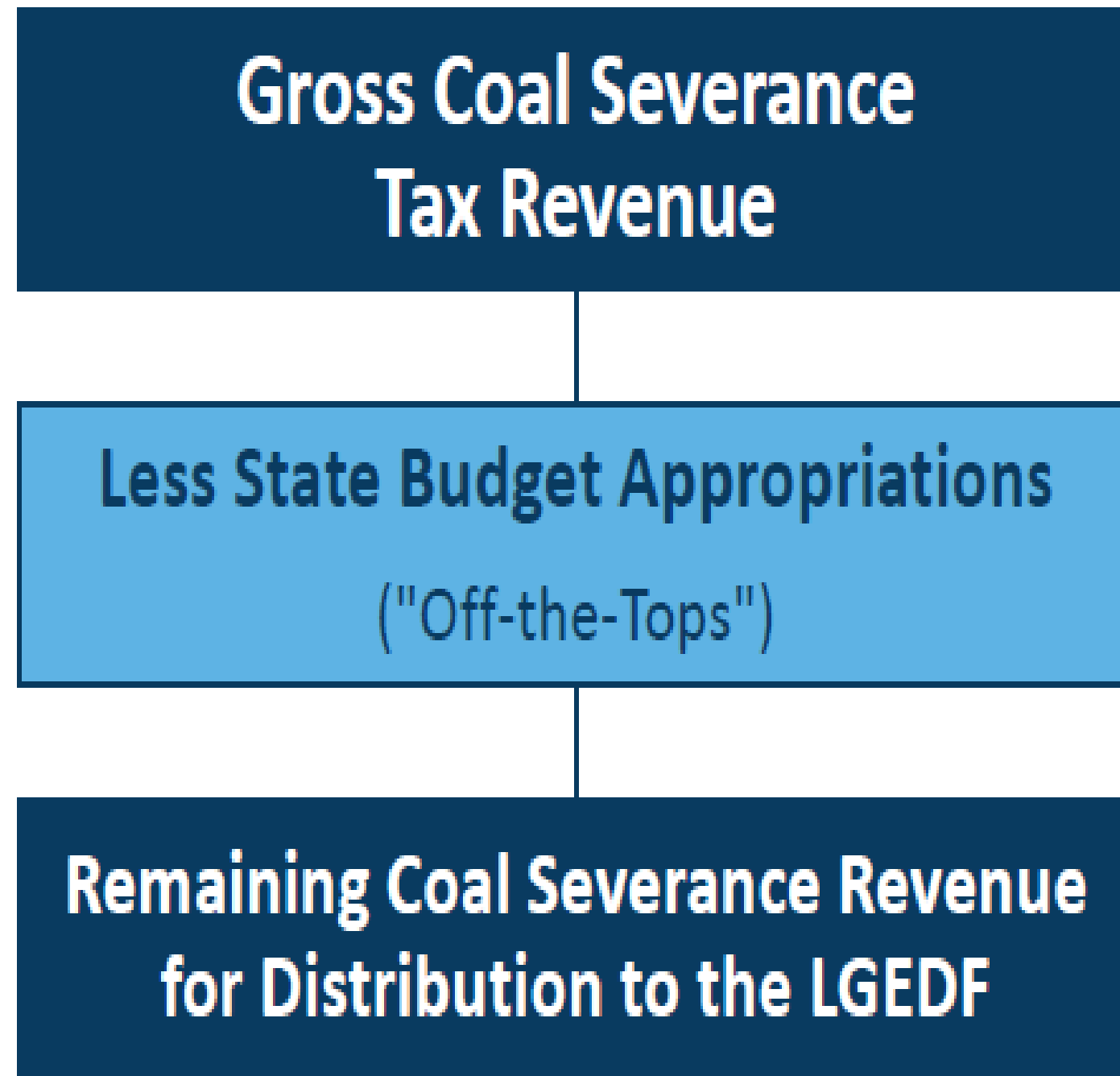
LGEAF Mineral
Producing Counties
50%

KRS 42.450(2)

LGEAF Mineral Severance Distribution

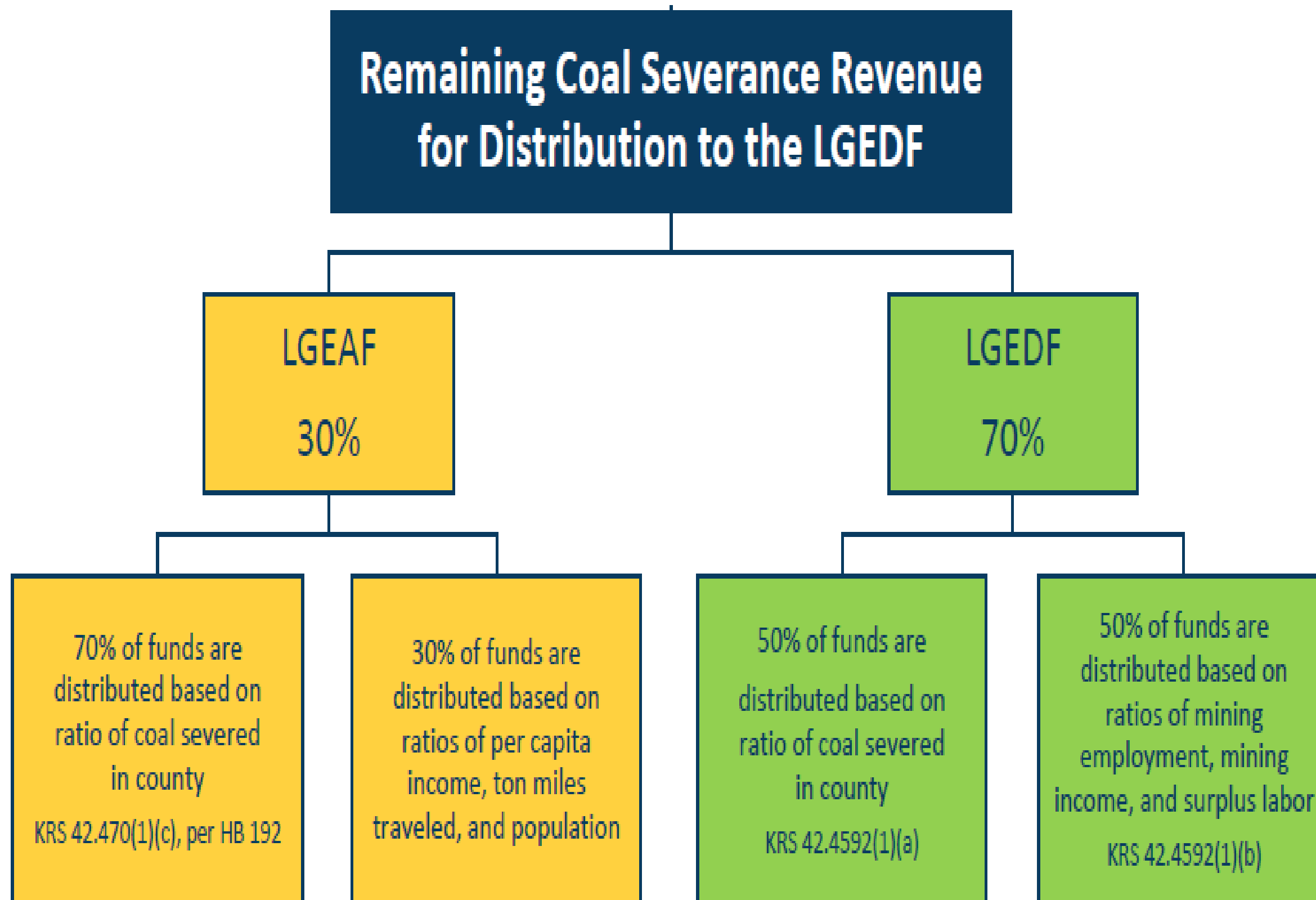


Coal Severance Tax Revenue Programs

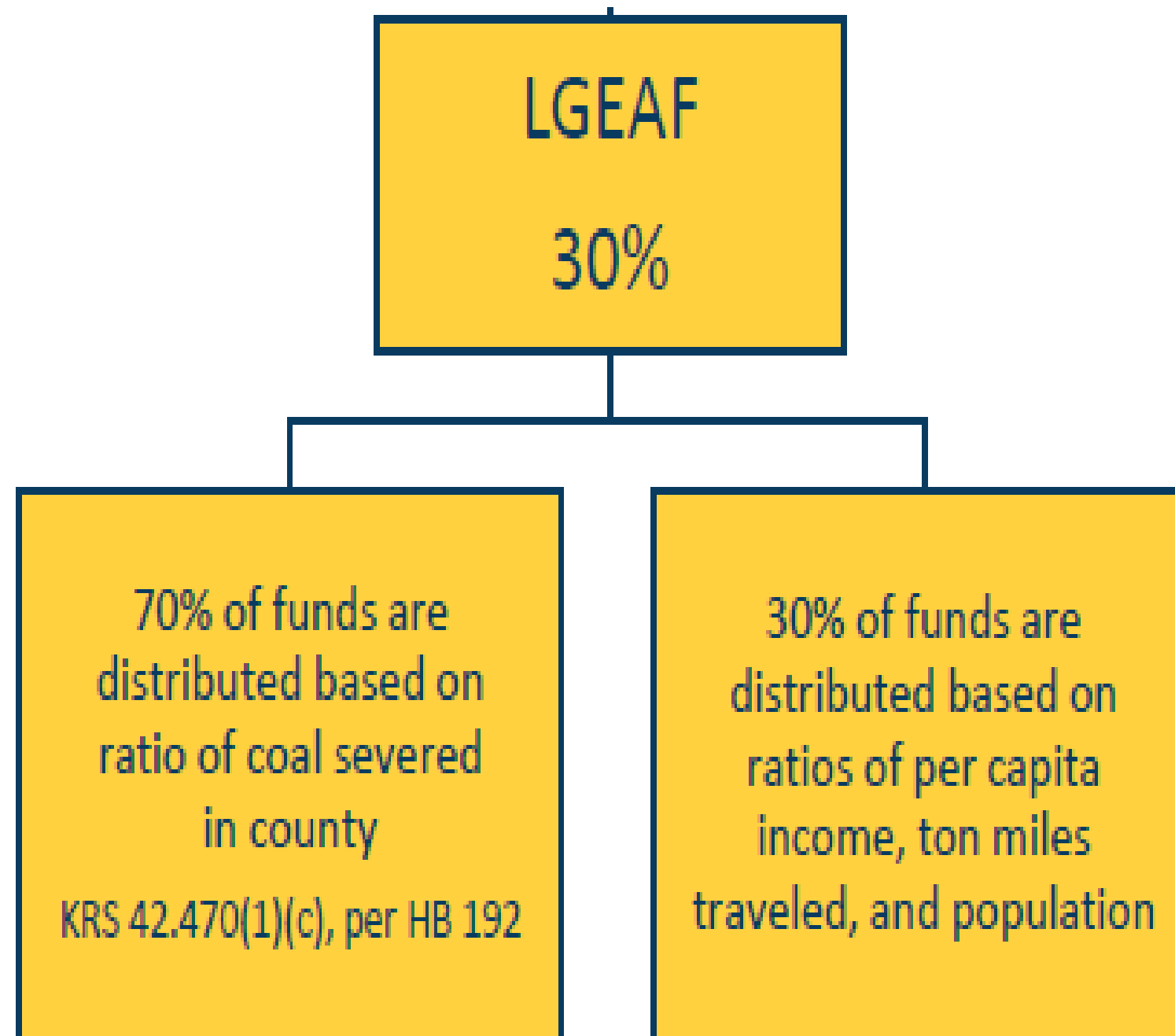


- The only “off-the-top” allocations deducted are debt service and program administration costs to DLG.
- 100% of remaining funds are distributed to local governments through the LGEDF and LGEAF programs.

Coal Severance Tax Revenue Programs



Coal Severance Tax Revenue Programs



- FY's 26-28 biennium budget (HB 500), provides 30% of the coal severance tax revenue available for distribution to the LGEAF.
- HB 500, LGEAF Coal funds are for "*producer*" counties only. **No allocation of funds** for "*impact*" counties, which are counties that have roads impacted by the transportation of coal.

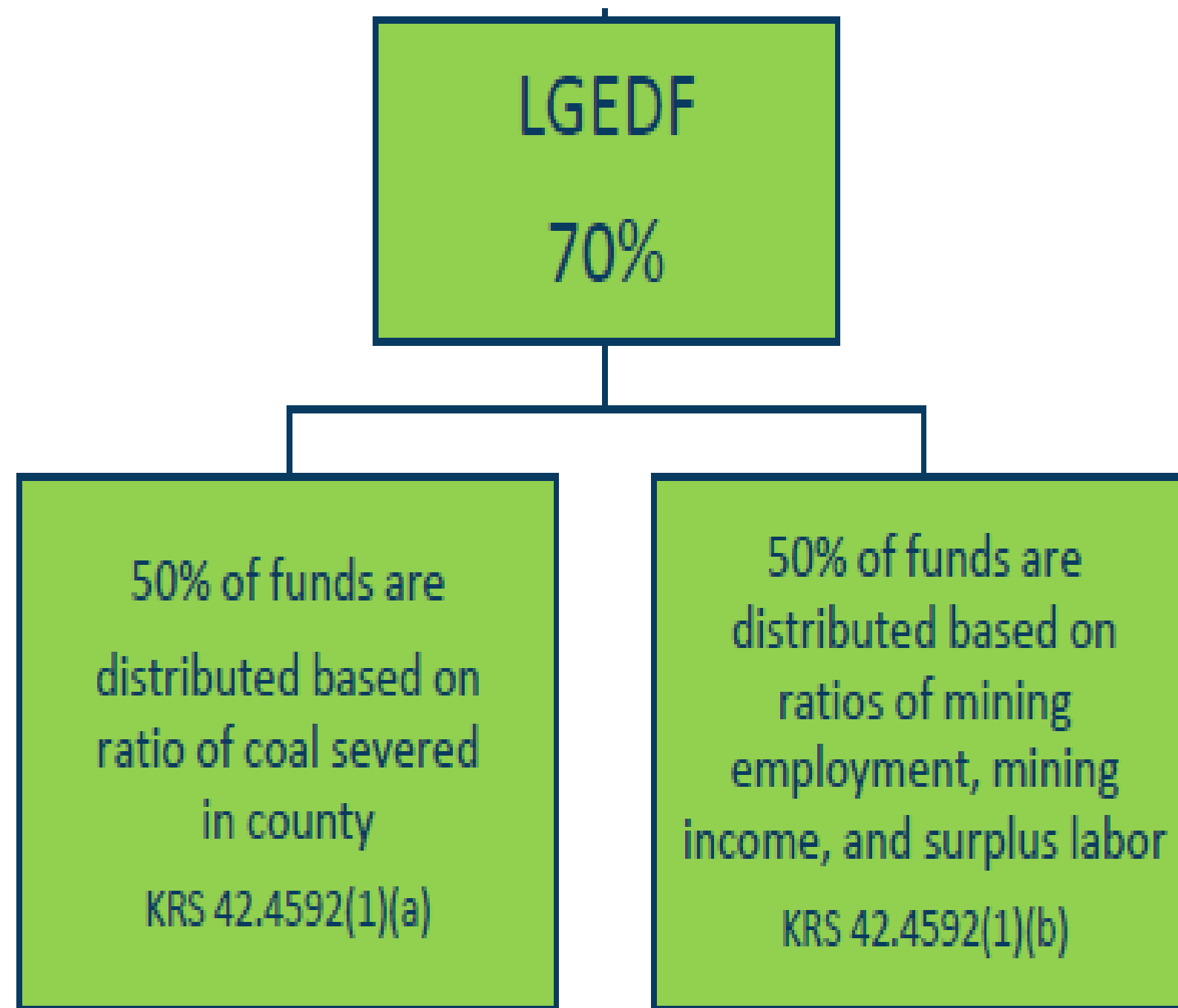
LGEAF Eligible Activities

Per KRS 42.455, LGEAF Coal and Mineral eligible activities include:

- | | |
|------------------------------------|---|
| a. Public Safety | g. Social Services |
| b. Environmental Protection | h. Industrial/Economic Development |
| c. Public Transportation | i. Vocation Education |
| d. Health | j. Workforce Training |
| e. Recreation | k. Secondary Wood Industry |
| f. Educational Facilities | |

- *Per HB 500, funds are **not** required to be used on coal haul roads.*
- *Grants shall not be used for expenses related to administration of government.*

LGEDF Coal Severance Distribution



- The FY 2026-2028 executive branch budget, HB 500, provides 70% of the coal severance tax revenue available for distribution to the LGEDF “single-county” program.
- The LGEDF eligible counties are those counties that currently have had coal production in the current or any one of the four (4) preceding years.

LGEDF Eligible Activities

- **HB 500 provides flexibility for LGEDF project activities.**
- Funds shall be allocated to projects with the **concurrence of the County Judge/Executive, State Senator(s), and State Representative(s) of each county.**
- If concurrence is not achieved, the fiscal court may apply for grants for industrial development projects, **per KRS 42.4588.**
 - Projects include the acquisition, development, and/or improvement of real estate for conveyance or lease to industrial firms to be used for manufacturing, processing, assembling, or other approved use by industrial entities.

LGEDF Application & Access Funding

- Applications accepted year-round (Finance & Administration Cabinet OPS
Deadline for each fiscal year is **May 1st**).
- Must submit:
 - 1) Project Scope & Budget**
 - 2) Authorizing Resolution**
 - 3) Legislative Concurrence Letters (each county's legislators)**
- Applications may be submitted via email to **Aaron Jones:**
aaronj.jones@ky.gov.
- Application forms can be located on DLG's website:
<https://dlg.ky.gov/grants/state/Pages/default.aspx>

LGEDF Guideline Reminder – Application/MOA Requirements

- Application will require expenditure invoices and/or quotes.
- Memorandum of Agreement (MOA) will not be issued until disbursement documentation is provided with application items.
- Disbursement documentation includes: **Estimates/Quotes, Invoices, Receipts, Canceled Checks, Electronic Bank Statements, etc.**
- **Fire Department Projects** must have canceled checks and invoices submitted with application – **NO EXCEPTIONS.**
- MOA's issued without disbursement documentation will require pre-approval.

LGEDF Request for Disbursement (RFD)

- Request for Disbursement (RFD) form attached electronically with copy of final executed MOA.
- Requires signature from Judge/Executive or designated signatory on behalf of county fiscal court.
- Return signed RFD along with supporting documentation.
- **RFD may be submitted via email to Jessica Wagoner:**
jessica.wagoner@ky.gov
- RFD forms can be located on DLG's website:
<https://dlg.ky.gov/grants/state/Pages/default.aspx>

LGEDF Quarterly Reports

- Quarterly Reports (QR) are due on the 30th of the month following the end of each quarter period.
 - 1st Quarter (July-September) Due October 30th
 - 2nd Quarter (October-December) Due January 30th
 - 3rd Quarter (January-March) Due April 30th
 - 4th Quarter (April-June) Due July 30th
- Purpose is to ensure project is compliant with program guidelines and financial accounting documentation remain accurate and updated for active projects.
- Required for all active projects (even if funds have not been drawn).
- Missing documentation (**canceled checks**) should be included with QR.
- Failure to include delinquent documentation will result in a hold placed on any future disbursements for the project.
- QR may be submitted via email to **Jessica Wagoner**: jessica.wagoner@ky.gov.

State Vendor Accounts

❑ Kentucky Vendor Self Service (VSS) System - Account Registration/Update Instructions

- To enter into a Memorandum of Agreement (MOA) and receive payments from the Commonwealth of Kentucky, all government, quasi-government, and non-profit entities, must be registered with a vendor account in the statewide accounting system. Vendors who are not already registered will need to click the following link to register online, or contact the Finance & Administration Cabinet Customer Resource Center:
- <https://vss.ky.gov>
- <https://finance.ky.gov/office-of-the-controller/office-of-statewide-accounting-services/customer-resource-center/Pages/default.aspx>

Questions?

Office of State Grants
Department for Local Government
100 Airport Road, 3rd Floor
Frankfort, Kentucky 40601
(502) 573-2382 or (800) 346-5606
<https://dlg.ky.gov/Pages/index.aspx>