

1 ENERGY AND ENVIRONMENT CABINET

2 Department for Natural Resources

3 Division of Conservation

4 (New Administrative Regulation)

5 416 KAR 1:020. Equipment Revolving Loan Program.

6 RELATES TO: KRS 262.610-262.650

7 STATUTORY AUTHORITY: KRS 262.090, 262.610, 262.660

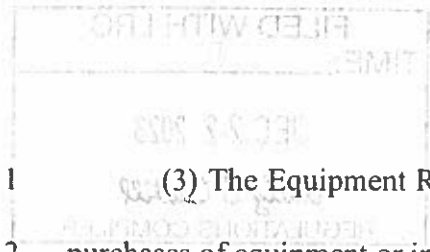
8 NECESSITY, FUNCTION, AND CONFORMITY: KRS 262.660 authorizes the Soil and  
9 Water Conservation Commission to promulgate administrative regulations governing the  
10 administration of the Equipment Revolving Loan Fund as expressed in KRS 262.610 through  
11 262.650. This administrative regulation establishes the requirements and procedures for participation  
12 in the Equipment Revolving Loan Program.

13 Section 1. Applicability. (1) The provisions of this administrative regulation shall apply to  
14 persons and conservation districts applying for Equipment Revolving Loan Program funding for  
15 heavy or specialized equipment and infrastructure.

16 (2) The Equipment Revolving Loan Program shall be limited to the:

17 (a) Purchase cost of heavy or specialized equipment used for conserving soil resources,  
18 prevention and control of soil erosion, and conservation and protection of water resources related  
19 to those purposes; and

20 (b) Purchase or lease costs for infrastructure, including costs of improvements to  
21 infrastructure, if sought by a conservation district.



1 (3) The Equipment Revolving Loan Program shall not be used to reimburse for previous  
2 purchases of equipment or infrastructure.

3 (4) Equipment purchased using funds from the Equipment Revolving Loan Program shall  
4 not be used for activities that do not comply with subsection (2)(a) of this section, including clear  
5 cutting operations or strip mining activities.

6 Section 2. General Requirements. (1) Conservation districts, or a district jointly with a  
7 person residing within the district, that purchase heavy or specialized equipment using funds from  
8 the Equipment Revolving Loan Program shall comply with the requirements in paragraphs (a)  
9 through (e) of this subsection.

10 (a) A person residing within the district shall be the primary applicant when applying  
11 jointly with a conservation district. When a person residing within the district is the primary  
12 applicant, the district shall procure the equipment and execute a lease agreement with the person.

13 (b) Any two (2) or more conservation districts may combine efforts to purchase an eligible  
14 piece of equipment, with one district designated as the primary applicant.

15 (c) The primary applicant shall provide one-third (1/3) the amount of the total cost of the  
16 equipment.

17 (d) The district shall adhere to the provisions in KRS Chapter 45A.

18 (e) All equipment shall be new, or warrantied as new, from a licensed equipment dealer.

19 (2) Conservation districts that use funds from the Equipment Revolving Loan Program for  
20 infrastructure shall comply with the requirements in paragraphs (a) through (d) of this subsection.

21 (a) Adhere to the provisions in KRS Chapters 45A and 56.

22 (b) Provide, at a minimum, ten (10) percent of the total purchase cost or lease payments.

23 (c) Pay for all necessary property taxes and maintain infrastructure.

1 (d) Not convey or encumber any interest in infrastructure without prior division approval,  
2 as long as the division holds title to the infrastructure.

3 (3) Conservation districts who are also the primary applicant for infrastructure may:

4 (a) Add costs incurred for completing Finance and Administration Cabinet requirements  
5 pursuant to KRS Chapter 56 to the total loan amount advanced by the division. Those funds shall  
6 be included in the total funds the primary applicant agrees to repay; and

7 (b) Sublease portions of purchased infrastructure that are not essential to the operation of  
8 the district to a capable party or vendor, with the district maintaining primary occupancy of the  
9 infrastructure. The primary applicant shall ensure taxes and insurance requirements are  
10 maintained.

11 (4) Districts shall grant access to the division, Finance and Administration Cabinet, and  
12 Auditor of Public Accounts to any books, documents, papers, records, or other evidence directly  
13 related to the loan for the purpose of financial audit or program review.

14 (5) Any legal action brought to enforce the terms of a promissory note or loan shall be filed  
15 in a court in Franklin County, Kentucky.

16 Section 3. Equipment Revolving Loan Program Application Procedures. (1) Conservation  
17 districts, or a district applying jointly with a person residing within the district, seeking funding  
18 for the purchase of heavy or specialized equipment, or districts seeking funding for infrastructure  
19 shall apply to the Soil and Water Conservation Commission by submitting an application to the  
20 Division of Conservation.

21 (2) Prior to applying to the commission, funding requests for equipment and infrastructure  
22 shall be voted upon by the board of supervisors for a district at a meeting conducted in accordance  
23 with the Open Meetings Law, KRS 61.805 through 61.850.

1 (3) Upon district approval pursuant to subsection (2) of this section, applications shall be  
2 submitted in accordance with subsections (4) through (6) of this section.

3 (4) A district requesting funding for heavy or specialized equipment shall:

4 (a) Complete a Conservation District Equipment Loan Application, DOC-01, which  
5 includes a copy of the district's most recent Annual Financial Report, a minimum of three (3) bids  
6 for each piece of equipment, and documentation demonstrating how the model procurement code  
7 shall be followed; and

8 (b) Submit completed applications to the division. If two (2) or more districts are applying  
9 jointly, each district shall complete an application. The district designated as the primary applicant  
10 shall submit applications from all parties in one application package, including all required  
11 documentation, to the division.

12 (5) A district requesting funding jointly with a person residing within the district for heavy  
13 or specialized equipment shall:

14 (a) Complete a Conservation District Equipment Loan Application, DOC-01, which  
15 includes a copy of the district's most recent Annual Financial Report and documentation  
16 demonstrating how the model procurement code shall be followed;

17 (b) Require the person residing within the district to complete and submit a Joint  
18 Equipment Loan Application, DOC-02, which includes a copy of the person's credit report, and a  
19 minimum of three (3) bids for each piece of equipment; and

20 (c) Submit applications, including the required documentation, from all parties in one  
21 application package to the division.

22 (6) A district requesting funding for infrastructure shall:

23 (a) Complete an Infrastructure Equipment Loan Application, DOC-03, which includes a

1 copy of the district's most recent Annual Financial Report, current Annual Budget, and  
2 documentation demonstrating how the model procurement code shall be followed; and

3 (b) Submit completed applications to the division. If two (2) or more districts are applying  
4 jointly, each district shall complete an application. The district designated as the primary applicant  
5 shall submit applications from all parties in one application package, including all required  
6 documentation, to the division.

7 (7) The division shall review submitted applications for administrative completeness.

8 (a) A district shall be notified of application deficiencies and have the opportunity to make  
9 corrections.

10 (b) Complete applications shall be referred to the commission for consideration.

11 (8) A district shall be notified of the commission's final decision on the request for funds  
12 from the Equipment Revolving Loan Program.

13 (9) For loans on heavy or specialized equipment, the district shall submit to the division:

14 (a) The signed loan contract:

15 (b) A filing fee in an amount established in KRS 355.9-525. The filing fee shall be made  
16 by check payable to the Kentucky State Treasurer; and

17 (c) In cases when the district applies jointly with a person residing within the district, the  
18 legally executed lease agreement in accordance with Section 2(1)(a) of this administrative  
19 regulation.

20 (10) Infrastructure loans are contingent upon the district complying with the Finance and  
21 Administration Cabinet requirements pursuant to KRS Chapters 45A and 56.

22 (11) Upon completion of the requirements established in subsections (9) and (10) of this  
23 section, the division shall file:

- 1 (a) A lien on purchased equipment with the Kentucky Secretary of State office; and
- 2 (b) Titles to infrastructure at the courthouse in the county where the infrastructure project
- 3 is located.

4 Section 4. Interest Rates. (1) Loan interest rates shall be determined by the Soil and Water  
5 Conservation Commission.

6 (2) (a) The commission may adjust interest rates for new loans at each commission  
7 meeting.

8 (b) Interest rates shall not be adjusted by the commission for open loans.

9 (3) The factors in paragraphs (a) and (b) of this subsection shall be considered by the  
10 commission when recommending an interest rate adjustment, and by the Commissioner of the  
11 Department for Natural Resources when making the final determination on the interest rate  
12 adjustment.

13 (a) The available balance in the fund.

14 (b) The current interest rate as established by the Federal Open Market Committee.

15 Section 5. Loan Repayment Terms. (1) Repayment terms for equipment purchases shall  
16 be:

17 (a) Three (3) to five (5) years for loans of less than \$100,000; or

18 (b) Five (5) to seven (7) years for loans over \$100,000.

19 (2) Repayment terms for infrastructure shall be determined by the commission.

20 (3) Monthly loan payments shall be submitted to the division by the tenth day of each  
21 month accompanied by the Equipment Loan Monthly Report, DOC-04, in accordance with Section  
22 7(6) of this administrative regulation. Loan payments shall be submitted by check made payable  
23 to the Kentucky State Treasurer.

1 (4) Repayment penalties shall be applied if a loan is paid off in fewer than eighteen (18)  
2 months. The calculated penalty shall be the amount of interest lost by the early payoff.

3 (5) If a person fails to submit monthly payments under a joint application, the district shall  
4 be responsible for delinquent payments.

5 Section 6. Insurance Requirements. (1) The primary applicant purchasing equipment using  
6 funds from the Equipment Revolving Loan Program shall carry property insurance coverage in  
7 accordance with paragraphs (a) and (b) of this subsection.

8 (a) Insurance coverage for property or assets against all risk of physical loss or damage,  
9 including flood and rising water, to the equipment. The insurance shall be for the full replacement  
10 value of the equipment, parts, attachments, and accessories purchased with the Equipment  
11 Revolving Loan Program funds regardless of where the equipment is stored. The primary applicant  
12 is responsible for the total value of the loan even in the event of loss.

13 (b) Liability coverage, to include bodily injury and property damage, with a combined  
14 single limit of a minimum of \$500,000 per occurrence.

15 (2) Districts purchasing infrastructure using funds from the Equipment Revolving Loan  
16 Program shall carry property insurance coverage in accordance with paragraphs (a) and (b) of this  
17 subsection.

18 (a) Insurance coverage for real property against all risk of physical loss or damage,  
19 including flood and rising water, to the infrastructure. The insurance shall be for the full  
20 replacement value of the infrastructure purchased with the Equipment Revolving Loan Program  
21 funds. The division and primary applicant shall receive remuneration in proportion to the amount  
22 of equity each party holds in the infrastructure at time of loss. The primary applicant is responsible  
23 for the total value of the loan even in the event of loss.

1 (b) Liability coverage, to include bodily injury and property damage, with a combined  
2 single limit of a minimum of \$1 million per occurrence.

3 (3) All insurance policies shall include the Commonwealth of Kentucky as an additional  
4 insured and loss payee.

5 (4) Insurance coverage shall be maintained until the loan is fully amortized, or until the  
6 district or primary applicant has been formally released of further responsibility by the division.

7 (5) Copies of all insurance policies, endorsements, and certificates of renewal shall be  
8 submitted to the division within sixty (60) days of issuance or amendment.

9 Section 7. Operational, Reporting, and Record Keeping Requirements. (1) Equipment  
10 purchased using funds from the Equipment Revolving Loan Program shall meet the operational  
11 requirements in paragraphs (a) through (d) of this subsection.

12 (a) Operated within the district, or districts, identified in the loan contract unless they  
13 approve for the operation outside county boundaries.

14 (b) Advertised by publication in accordance with the provisions of KRS Chapter 424, at a  
15 minimum, annually to inform the public of availability for use. The publication area shall be the  
16 district, or districts, identified in the loan contract. The primary applicant shall be the responsible  
17 person for publishing advertisements. If the primary applicant is a district or districts, alternative  
18 internet and publication procedures may be utilized if the requirements of KRS 424.145 are met.

19 (c) Made readily available for rental or hire by the public.

20 (d) Rented or operated for a minimum of twenty (20) days within a six (6) month period.

21 (2) Equipment shall not be used more than sixty-five (65) percent of the time on:

22 (a) Land owned by district supervisors or employees of the district when the district is the  
23 primary applicant; and



1 (b) Lands owned by the primary applicant when a district applies jointly with a person  
2 residing within the district.

3 (3) Lease or rental fees on equipment shall be established sufficient to assist in amortization  
4 payments, operation and maintenance, operator costs, and transportation of equipment to jobs.  
5 Districts shall notify the commission within thirty (30) days of any changes to approved lease or  
6 rental fees.

7 (4) Administrative fees may be charged to the person by the district, when a district applies  
8 jointly with a person residing within the district for equipment, not to exceed five (5) percent of  
9 the monthly amortization amount.

10 (5) Equipment shall be maintained, kept in working order, and reasonably protected from  
11 the weather.

12 (6) Reporting requirements for equipment and infrastructure loans are established in  
13 paragraphs (a) and (b) of this subsection.

14 (a) A person residing within the district, who is the primary applicant of an equipment loan,  
15 shall document and report monthly to the district, at a minimum, the information in Section 5 of  
16 the Equipment Loan Monthly Report, DOC-04.

17 (b) A district shall complete and submit, to the division by the tenth day of each month, the  
18 Equipment Loan Monthly Report, DOC-04. If two (2) or more districts applied jointly, the district  
19 designated as the primary applicant shall complete and submit the Equipment Loan Monthly  
20 Report, DOC-04, to the division.

21 (7) Districts using funding from the Equipment Revolving Loan Program shall maintain  
22 records on the:

23 (a) Description of the equipment or infrastructure:

- 1 (b) Terms of the purchase or lease;
- 2 (c) Terms of the loan;
- 3 (d) Description of insurance coverage and premiums paid;
- 4 (e) Major repairs and circumstances impairing the use of purchased equipment or
- 5 infrastructure; and
- 6 (f) Dollar amount paid to the division for the purpose of amortizing the loan.

7 Section 8. Default on a Contract. (1) Failure to make payments over a three (3) month  
8 period or to comply with the requirements in accordance with Sections 5 through 7 of this  
9 administrative regulation shall constitute a default on a contract.

10 (2) The division shall notify the primary applicant in writing of a default and describe the  
11 cause of the default with reasonable specificity. The notice shall provide the primary applicant  
12 with thirty (30) days from mailing to cure the default. The notice shall be complete upon mailing  
13 by certified mail, return receipt requested, to the mailing address listed on the application.

14 (3) For equipment purchases:

15 (a) Resolutions and remedies for an uncured default are established in subparagraphs (1)  
16 and (2) of this paragraph.

17 1. When a person residing within the district is the primary applicant, the district shall  
18 repossess equipment that was purchased using funds from the Equipment Revolving Loan  
19 Program. The district shall be responsible for delinquent payments in accordance with Section 5(5)  
20 of this administrative regulation and any remaining payments. Following repossession, the district  
21 shall:

22 a. Lease the equipment to another person residing within the district with the approval of  
23 the commission;

1 b. Enroll as the primary applicant; or

2 c. Sell the equipment pursuant to KRS Chapter 45A.

3 2. When a district is the primary applicant, the district shall sell the equipment pursuant to  
4 KRS Chapter 45A.

5 (b) If a district fails to comply with paragraph (a) of this subsection, direct aid will be  
6 withheld until the outstanding loan balance is paid.

7 (c) 1. A person that is aggrieved by the decision of the district to repossess equipment  
8 pursuant to paragraph (a) of this subsection may file a written appeal with the commission. An  
9 appeal shall be filed within thirty (30) days of the repossession and shall state the basis for the  
10 appeal.

11 2. Procedure for hearing appeal.

12 a. The commission shall notify the district and person that they may appear before the  
13 commission to present testimony or written documentation on the issues presented by the appeal.

14 Any hearing for an appeal shall conform to the requirements of KRS Chapter 13B.

15 b. The commission shall have 100 days to make a final decision and to notify the district  
16 and person.

17 3. Final decisions of the commission may be appealed by the district or person to a court  
18 in Franklin County, Kentucky.

19 (4) For infrastructure:

20 (a) Resolutions and remedies for an uncured default are established in subparagraphs (1)  
21 and (2) of this paragraph.

22 1. Purchased infrastructure shall be disposed as surplus property pursuant to the provisions  
23 of KRS Chapters 45A and 56; or

- 1           2. Terminate the lease agreement.
- 2           (b) If the primary applicant fails to remedy any default on a contract:
- 3           1. The division shall notify the Finance and Administration Cabinet; and
- 4           2. Direct aid shall be withheld until the outstanding loan balance is paid.
- 5           (c) A district that is aggrieved by the Finance and Administration Cabinet's decision may
- 6 seek a review of the decision pursuant to KRS 45A.230.

7           Section 9. Loan Completion. (1) Once the loan contract has been satisfied, the division

8 shall issue a letter of completion formally releasing the loan.

9           (2) Upon receipt of a letter of completion:

10          (a) Purchased equipment and infrastructure shall be the property of the primary applicant;

11          (b) For infrastructure loans, the primary applicant shall file a transfer of title at the

12 courthouse in the county where the infrastructure is located and take full possession of the

13 infrastructure; or

14          (c) The primary applicant shall be responsible for meeting the requirements of lease

15 agreement or terminate the lease agreement.

16          (3) The district shall:

17          (a) Maintain all records for equipment and infrastructure for five (5) years past the release

18 of the title or termination of loan agreement; and

19          (b) Submit to the division, within ninety (90) days from the receipt of the letter of

20 completion, all loan records related to the equipment or infrastructure, and for equipment

21 purchases a lien termination fee in an amount established in KRS 355.9-525. The filing fee shall

22 be made by check payable to the Kentucky State Treasurer.

23          (4) For equipment purchases, the division shall file a lien release with the Kentucky

1 Secretary of State's office.

2 Section 10. Incorporation by Reference. (1) The following material is incorporated by  
3 reference:

4 (a) "Conservation District Equipment Loan Application", DOC-01, December 2023;

5 (b) "Equipment Loan Monthly Report", DOC-04, December 2023;

6 (c) "Infrastructure Equipment Loan Application", DOC-03, December 2023; and

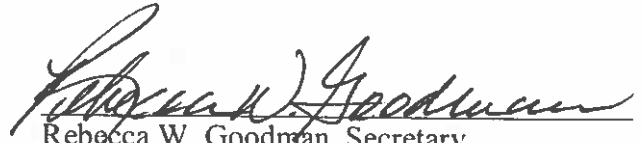
7 (d) "Joint Equipment Loan Application", DOC-02, December 2023.

8 (2) This material may be inspected, copied, or obtained, subject to applicable copyright  
9 law, at the Division of Conservation, 300 Sower Boulevard, Frankfort, Kentucky 40601, Monday  
10 through Friday, 8 a.m. to 4:30 p.m., Eastern Standard Time.

11 (3) This material may also be obtained at the Division of Conservation's Web site at  
12 [https://eec.ky.gov/Natural-Resources/Conservation/Pages/Equipment-Revolving-Loan-](https://eec.ky.gov/Natural-Resources/Conservation/Pages/Equipment-Revolving-Loan-Program.aspx)  
13 [Program.aspx](https://eec.ky.gov/Natural-Resources/Conservation/Pages/Equipment-Revolving-Loan-Program.aspx).

416 KAR 1:020 approved for filing.

12/22/2023  
Date

  
Rebecca W. Goodman, Secretary  
Energy and Environment Cabinet

## PUBLIC HEARING AND PUBLIC COMMENT PERIOD

A public hearing on this administrative regulation shall be held on March 26, 2024 at 5:00 p.m. (Eastern Time) in Training Room C of the Energy and Environment Cabinet at 300 Sower Blvd, Frankfort, Kentucky. Individuals interested in being heard at this hearing shall notify this agency five (5) workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be cancelled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through March 31, 2024. Send written notification of intent to attend the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON: Dawn Baase, Environmental Scientist Consultant  
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## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

416 KAR 1:020

Contact Person: Dawn Baase  
Phone: (502) 782-6311  
Email: Dawn.Baase@ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes requirements and procedures for participation in the Equipment Revolving Loan Program.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to govern the Equipment Revolving Loan Program and are due to the passage of HB-130 during the 2023 Regular Legislative Session.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 262.610 authorizes the Soil and Water Conservation Commission to acquire and to make available, or to assist in acquiring or making available to persons and soil and water conservation districts, heavy or specialized equipment or infrastructure, which they cannot economically obtain. KRS 262.660 authorizes the Soil and Water Conservation Commission to promulgate administrative regulations to administer the equipment loan fund expressed in KRS 262.610 to 262.650.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation assists in the effective administration of the statutes by establishing the requirements to receive equipment loan funds to purchase heavy or specialized equipment, or infrastructure.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: This is a new administrative regulation.

(b) The necessity of the amendment to this administrative regulation: This is a new administrative regulation.

(c) How the amendment conforms to the content of the authorizing statutes: This is a new administrative regulation.

(d) How the amendment will assist in the effective administration of the statutes: This is a new administrative regulation.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This administrative regulation affects the 121 conservation districts and persons residing within the district boundaries.



(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: The entities identified will be required to follow application procedures, comply with insurance requirements, operational, reporting, and record keeping requirements, and repayment terms. In addition, conservation districts shall adhere to provisions of KRS Chapter 45A for both equipment and infrastructure loans, and KRS Chapter 56 for infrastructure loans.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): The entities identified do not have any required costs due to this administrative regulation, as it is a voluntary program.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): Entities participating in the Equipment Revolving Loan Program will benefit by spreading loan payments over time in lieu of purchasing with a lump sum amount.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: There are no costs to the administrative body associated with the implementation of this administrative regulation.

(b) On a continuing basis: There are no costs to the administrative body associated with the implementation of this administrative regulation.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: This administrative regulation will not require an additional source of funding. The Equipment Revolving Loan Fund was established in 1948 with appropriations from the legislature in 1948, 1960, 1968, and 1976, in the amount of \$400,000, \$200,000, \$250,000, and \$1,000,000 respectively. Additional funding comes in the form of interest payments on each loan.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: This administrative regulation will not require an increase in fees or funding.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This administrative regulation does not establish or increase any fees. However, conservation districts applying jointly with a person residing within the district to purchase heavy or specialized equipment may charge the person an administrative fee for completing and submitting the required monthly report. The administrative fee charged to the person is limited to no more than five (5) percent of the total loan amount.

(9) TIERING: Is tiering applied? (Explain why or why not) No, tiering is not applied to this administrative regulation. All soil and water conservation districts and eligible persons may apply for funding through the Equipment Revolving Loan Program. Funding is awarded based on the availability of funds.

## FISCAL NOTE

416 KAR 1:020

Contact Person: Dawn Baase  
Phone: (502) 782-6311  
Email: Dawn.Baase@ky.gov

(1) What units, parts, or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? The Soil and Water Conservation Commission, Division of Conservation, and county conservation districts.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 262.090, 262.610, and 262.660.

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? Equipment purchased by a conservation district will generate additional revenue for the district when it is rented to the public. Additionally, when a district applies jointly with a person residing within the district, the district may charge the person an administrative fee for completing and submitting the required monthly report. The administrative fee charged to the person is limited to no more than five (5) percent of the total loan amount. In the case of a district purchasing infrastructure, additional revenue may be generated if a portion of the infrastructure is subleased to another entity.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? Equipment purchased by a conservation district will generate additional revenue for the district when it is rented to the public. Additionally, when a district applies jointly with a person residing within the district, the district may charge the person an administrative fee for completing and submitting the required monthly report. The administrative fee charged to the person is limited to no more than five (5) percent of the total loan amount. In the case of a district purchasing infrastructure, additional revenue may be generated if a portion of the infrastructure is subleased to another entity.

(c) How much will it cost to administer this program for the first year? The program associated with this administrative regulation will be administered using the cabinet's current budget.

(d) How much will it cost to administer this program for subsequent years? It is not anticipated to need additional funding will be necessary to administer the program in subsequent years. A significant increase in applications may require additional staff to process paperwork and loan payments. The program associated with this administrative regulation cannot be administered

using funds from the Equipment Revolving Loan Program.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-): There is no known effect on current revenues.

Expenditures (+/-): There is no known effect on current expenditures.

Other Explanation: There is no further explanation.

(4) Estimate the effect of this administrative regulation on the expenditures and cost savings of regulated entities for the first full year the administrative regulation is to be in effect.

(a) How much cost savings will this administrative regulation generate for the regulated entities for the first year? This administrative regulation will not provide cost savings to regulated entities.

(b) How much cost savings will this administrative regulation generate for the regulated entities for subsequent years? This administrative regulation will not provide cost savings to regulated entities in subsequent years.

(c) How much will it cost the regulated entities for the first year? This administrative regulation will not require any costs to regulated entities as it voluntary program.

(d) How much will it cost the regulated entities for subsequent years? This administrative regulation will not require costs to regulated entities as it voluntary program.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Cost Savings (+/-): There is no known cost savings.

Expenditures (+/-): There is no known effect on current expenditures.

Other Explanation: There is no further explanation.

(5) Explain whether this administrative regulation will have a major economic impact, as defined below. "Major economic impact" means an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars (\$500,000) or more on state or local government or regulated entities, in aggregate, as determined by the promulgating administrative bodies. [KRS 13A.010(13)] This administrative regulation will not have a negative or adverse economic impact.

## SUMMARY OF MATERIAL INCORPORATED BY REFERENCE

416 KAR 1:020

- I. "Conservation District Equipment Loan Application", DOC-01, December 2023, is a 2-page application for conservation districts when applying for, or applying jointly with a person, equipment revolving loan funds for the purchase of heavy or specialized equipment. The conservation district submits this form to the Division of Conservation.
- II. "Equipment Loan Monthly Report", DOC-04, December 2023, is a 2-page form for reporting loan amortization payments and heavy or specialized equipment usage. The conservation district submits this form to the Division of Conservation.
- III. "Joint Equipment Loan Application", DOC-02, December 2023, is a 2-page application for a person or persons applying jointly with a conservation district for equipment revolving loan funds for the purchase of heavy or specialized equipment. A person submits this form to the conservation district with whom the person is applying jointly.
- IV. "Infrastructure Equipment Loan Application", DOC-03, December 2023, is a 2-page application for conservation districts when applying for equipment revolving loan funds for the purchase or lease of infrastructure. The conservation district submits this form to the Division of Conservation.

