AN ACT relating to soil conservation and making an appropriation therefor.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

SECTION 1. A NEW SECTION OF KRS CHAPTER 262 IS CREATED TO READ AS FOLLOWS:

(1) The Division of Conservation, with the advice and input of the Department of Agriculture, shall establish and implement the Healthy Soils Program in order to promote the use of healthy soil practices by Kentucky’s farmers, both urban and rural. The division shall:

(a) Provide technical advice and assistance on healthy soil practices;

(b) Assist farmers with soil health assessments; and

(c) Aid farmers with the development and implementation of soil health plans.

(2) The commissioner of the Department for Natural Resources shall approve grants, made on a competitive basis, and other types of financial incentives to local governments, schools, and public, private, and charitable entities to finance projects in furtherance of the Healthy Soils Program. Part of promoting healthy soil practices shall be the efficient application of chemicals and amendments on agricultural and nonagricultural land. The commissioner shall develop a low-cost loan program for Kentucky farmers to adopt and implement a soil health plan. Priority for financial assistance shall be given to veteran farmers or ranchers, beginning farmers or ranchers, and socially disadvantaged farmers or ranchers, as those terms are defined in 7 U.S.C. sec. 2279(a).

(3) Expenditures from the Healthy Soils Program fund established in Section 2 of this Act shall be used for the purposes of this section to complement rather than replace existing local, state, private, or federal funding for related programs. The department may enter into agreements with other state and federal agencies to implement the Healthy Soils Program.

(4) The Department for Natural Resources shall promulgate administrative

...
regulations to implement the Healthy Soils Program pursuant to this section and
administer the Healthy Soils Program fund pursuant to Section 2 of this Act.

SECTION 2. A NEW SECTION OF KRS CHAPTER 262 IS CREATED TO
READ AS FOLLOWS:

(1) The Healthy Soils Program fund is hereby created and established in the State
Treasury as a separate trust and agency account. The fund shall be used for
running the Healthy Soils Program, making grants and loans, and offering other
financial incentives in support of Section 1 of this Act. The fund may receive
appropriations from the General Assembly, grants, gifts, federal funds, or any
other funds, both public and private, for the purpose of supporting and abetting
the Healthy Soils Program.

(2) Notwithstanding KRS 45.229, any moneys remaining in the fund at the close of
the fiscal year shall not lapse but shall be carried forward to the next fiscal year.
Any unallotted or unencumbered balance shall be carried forward. Funds shall
be invested pursuant to KRS 42.500 and any income earned from the investments
shall be credited to and become part of the fund.

(3) Disbursements from the fund shall be made by the Treasurer upon writ from the
commissioner of the Department for Natural Resources.

Section 3. KRS 146.100 is amended to read as follows:

(1) The secretary of the Energy and Environment Cabinet, with the approval of the Soil
and Water Conservation Commission shall appoint a director of the Division of
Conservation with experience in professional agricultural activities, including
healthy soil practices as defined in Section 5 of this Act, and who shall serve as
executive officer for the commission. The director shall serve at the will of, and
receive compensation as may be determined by the secretary of the Energy and
Environment Cabinet with the advice of the Soil and Water Conservation
Commission. In addition to any other duties assigned to him or her by the secretary
of the Energy and Environment Cabinet, the director shall exercise, subject to the
approval of the secretary, general administrative supervision over all activities,
employees and property of the commission.

(2) The secretary of the Energy and Environment Cabinet may employ other officers,
employees, and agents, who shall serve at his or her will as he or she deems
necessary, with the advice of the Soil and Water Conservation Commission, and
shall provide for surety bonds for members, the director, officers, employees or
agents if entrusted with funds or property.

Section 4. KRS 224.71-110 is amended to read as follows:

(1) The Agriculture Water Quality Authority is created and administratively attached to
the cabinet. The authority shall be a multidiscipline peer group that shall evaluate,
develop, and improve best-management practices in conservation plans, compliance
plans, and forest stewardship management plans; establish statewide and regional
agriculture water quality plans; and otherwise promote soil and water conservation
and restoration activities that protect waters of the Commonwealth from the
adverse impacts of agriculture operations within the Commonwealth. The cabinet
shall provide staff to the authority.

(2) Within six (6) months of July 15, 1994, the Soil and Water Conservation
Commission shall submit to the Governor for appointment to the Agriculture Water
Quality Authority a list of three (3) persons recommended by each of the following
state agencies and organizations:

(a) Kentucky Association of Conservation Districts;
(b) Kentucky Department of Agriculture;
(c) University of Kentucky College of Agriculture Cooperative Extension
   Service;
(d) Kentucky Farm Bureau Federation, Inc.;
(e) Division of Conservation, Energy and Environment Cabinet;
(f) Division of Forestry, Energy and Environment Cabinet;

(g) Kentucky Geological Survey; \{and\}

(h) Environmental organizations; \textit{and}

(i) \textit{Organic agriculture organizations}.

The membership of the Agriculture Water Quality Authority appointed by the Governor shall consist of one (1) representative from each of the groups identified in paragraphs (a) to (i) of this subsection and two (2)\{three (3)\} members at large from agriculture operations. The Soil and Water Conservation Commission shall solicit nominations from Kentucky agriculture operations organizations and submit those names to the Governor for selection of the two (2)\{three (3)\} members at large from agriculture operations. The Governor shall select four (4) members to serve two (2) year initial terms, four (4) members to serve three (3) year initial terms, and three (3) members to serve four (4) year initial terms. All succeeding terms shall be four (4) year terms. A representative from the Natural Resources Conservation Service and a representative from the United States Department of Agriculture Farm Service Agency may also be appointed by the Governor to serve on the authority. One (1) representative each from the Division of Water, Energy and Environment Cabinet and the Department for Public Health, Cabinet for Health and Family Services shall serve as ex officio members.

(3) It shall be the responsibility of the Agriculture Water Quality Authority to establish, at a minimum, the following five (5)\{four (4)\} committees for agriculture operations, with membership outside the Agriculture Water Quality Authority:

(a) Livestock and poultry;

(b) Crops, including but not limited to tobacco, corn, soybeans, small grains, fruits and vegetables, pasture and timber;

(c) Pesticides, fertilizers, and other agricultural chemicals; \{and\}

(d) Farmstead issues; \textit{and}
(e) Healthy soil practices as defined in Section 5 of this Act.

(4) The Agriculture Water Quality Authority shall have the following responsibilities:

(a) Review water quality data as available;

(b) Review university research on water quality and alternative best-management practices research;

(c) Evaluate the adoption and effectiveness of best-management practices, and modify best-management practice design standards to improve water quality protection practices;

(d) Develop by July 1, 1996, statewide agriculture water quality plans to address identifiable water pollution problems from agriculture operations, and continue to evaluate and modify the agriculture water quality plans, as necessary to prevent water pollution from agriculture operations;

(e) Assist with the review of state-funded and other water quality monitoring data and with the establishment of agriculture water priority protection regions;

(f) Provide technical assistance to persons engaged in agriculture operations and to the Soil and Water Conservation Commission in its efforts to coordinate water quality protection as related to agriculture operations;

(g) Work with the Natural Resources Conservation Service, United States Department of Agriculture Farm Service Agency, and conservation districts to disseminate to agriculture operations the best-management practices, conservation plans, compliance plans, forest stewardship management plans, and agriculture water quality plans which address the protection of groundwater and surface water;

(h) Provide the Governor and the Legislative Research Commission with biennial reports of the progress of the Agriculture Water Quality Authority program; and

(i) Establish procedures for modifications to be incorporated into statewide or
 regional agriculture water quality plans.

(5) The cabinet's Division of Water shall approve or disapprove any statewide and regional water quality plan within thirty (30) days of receiving the plan from the Agriculture Water Quality Authority. All provisions of a statewide or regional water quality plan not found deficient shall be approved. If the Division of Water finds any provision of the statewide or regional agriculture water quality plan deficient, the Division of Water shall give written notice to the authority of those provisions found to be deficient. Within the thirty (30) days following the notice of deficiency, the authority shall deliver to the Division of Water a written response setting forth proposed solutions to the deficiencies. Any deficiencies which remain unresolved shall be resolved in a manner agreed to jointly by the Division of Water and the authority within sixty (60) days unless the Division of Water and authority jointly agree to an extension or alternate dispute resolution. The Division of Water shall approve or disapprove all modifications to the statewide and regional plans as set forth at KRS 224.71-120(8).

Section 5. KRS 262.010 is amended to read as follows:

(1) "Board" means the board of supervisors of a conservation district;
(2) "Commission" means the Conservation Commission;
(3) "District" means a conservation district whenever used in KRS 262.010 to 262.660 or a watershed conservancy district whenever used in KRS 262.700 to 262.795;
(4) "Due notice" means notice published in accordance with the legal notice provisions of KRS Chapter 424;
(5) "Healthy soil practices" means agricultural practices supported by the United States Department of Agriculture Natural Resources Conservation Service's Environmental Quality Incentives Program that feed the soil, reduce erosion, improve soil structure, enhance nutrient cycling, and encourage water retention by utilizing four (4) principal practices as follows:
(a) Using plant diversity to improve diversity in the soil;
(b) Managing soils with less disturbance to the soil;
(c) Keeping plants growing year-round to feed the soil; and
(d) Keeping the soil covered as much as possible;

(6) "Infrastructure" means the plant and assets required for maintaining a district office;

(7) "Land occupier" or "occupier of land" includes any person other than the landowner who is in possession of any lands lying within the district, whether as lessee or otherwise;

(8) "Landowner" or "owner of land" includes any person who holds legal or equitable title to the land within the district determined as follows:

(a) By his, her, or their names appearing on the recorded deed to the land;
(b) By title derived through a probated will or by the laws of descent and distribution under KRS Chapter 391;
(c) Where a minor or person adjudged mentally disabled is the owner of land within the district, the guardian or conservator or whoever has the power of attorney shall have the right to vote for such landowner under the provisions of KRS Chapter 262;
(d) Where the will has not been probated by the date of the referendum or election as provided in KRS Chapter 262, the executor of the deceased landowner shall have the right to vote for the devisee or devisees;
(e) Where the land within the districts is held in trust, the trustee shall have the right to vote for the landowner under the provisions of KRS Chapter 262;
(f) A landowner shall be entitled to but one (1) vote whenever he is given the right to vote under KRS Chapter 262 regardless of the number of tracts or parcels of land which he owns either wholly or in part, within the district;
(g) Where a trustee, executor, guardian, conservator, or other person with authority to vote for a landowner exercises such duty in relation to two (2) or
more estates or tracts of land, within a district, such person shall have the right to vote separately for each such landowner which he represents within the district; or

(h) In the case of a dispute as to whether or not a person has the right to vote in an election or referendum under the provisions of KRS Chapter 262, the person seeking such right must provide to the satisfaction of the polling superintendent that he has the right to vote under this section;

(9) "Soil health" means the overall composition of the soil and its continued capacity to function as a vital living ecosystem that sustains plants, animals, and humans;

(10) "Soil health assessment" means a suite of soil health indicator measures such as amount of organic matter in the soil, soil structure, infiltration and bulk density, water holding capacity, microbial biomass, and soil respiration;

(11) "Supervisor" means one (1) of the members of the governing body of a conservation district; and

(12) "Watershed health" means the continued capacity of surface water and groundwater ecosystems to function as a vital living ecosystem that is resilient to drought and storm events and that sustains plants, animals, and humans.

Section 6. KRS 262.020 is amended to read as follows:

The purpose of a soil and water conservation district is to conserve, restore, and develop all renewable natural resources within the district. In so doing, the district is authorized to undertake, sponsor, or participate in projects and activities which promote the health, conservation, restoration, development, maintenance and use of the land, water, trees and other renewable natural resources of the district. Such projects and activities shall include but not be limited to conservation and healthy soil practices on agricultural lands, the control of soil erosion, retardation of water runoff, the construction of flood prevention and control reservoirs, the maintenance of flood plains, the promotion of projects to
ensure an adequate municipal, industrial and agricultural supply of water, watershed stabilization, the avoidance and abatement of sedimentation and pollution in streams and other bodies of water, forestation and reforestation, the establishment of parks and outdoor recreation areas, the protection of open space, greenbelt areas and scenery, the preservation of wilderness areas, the protection of fish and wildlife, the protection and restoration of soil and watershed health and biological diversity, assisting rural and urban agricultural producers in soil health assessments and in developing soil health plans, working for the location of highways, industries, housing developments, airports and other structures as are consistent with the district's objectives and will offer the least possible interference with the conservation and best multiple use of the renewable natural resources, and all other activities consistent with the total natural resources development of the district.

Section 7. KRS 262.748 is amended to read as follows:

(1) Upon determination by the board of directors of a watershed conservancy district that the improvement, continuing operation, or maintenance of a watershed project is necessary, the board of directors may adopt a resolution which shall set out:

(a) A list of the benefited lands located in the flood plain, as determined by the board of directors, giving the acreage of such lands and the names of the owners thereof as defined by KRS 262.010(7) with a classification of such lands or parts thereof into classes in order that assessments may be made according to direct benefits; and

(b) The annual assessments to be levied upon the lands set out in the resolution on the basis of a certain amount per acre according to benefits received, not to exceed in any one (1) year a sum per acre specified in the resolution.

(2) The board of directors shall cause due notice of the resolution to be given to all the owners of benefited lands, as determined by the board. Said notice shall set out the time and place of a meeting of the board of directors of the watershed conservancy
district at which owners of benefited lands who may be liable for the annual
assessments may be heard.

(3) At the hearing upon the resolution, owners of benefited lands may voice their views
concerning the proposal as to whether it should be undertaken, and the scope
thereof, or the degree of benefit received by their lands. The board shall prepare a
record summarizing the proceedings. If the board of directors determines as a result
of the hearing that the proposal should be carried out as planned, it may make such
changes or revisions in the resolution as it deems proper and shall give due notice of
an election to be held at which benefited landowners may vote on the question of
annual special assessments to defray the cost. The notice of the election shall
include the text of the resolution of the board in its final form. The board of
directors may give due notice as provided in KRS 262.010(4).

(4) The board of directors shall prepare the following question to be presented to the
voters: "Should the assessment for improvement, continuing operation, or
maintenance proposed by resolution of the...Watershed Conservancy District be
adopted?" Voters shall be instructed to vote "yes" or "no" on the proposition. Only
owners of benefited land as set out in the resolution shall be eligible to vote. The
board of directors may provide for a meeting of the landowners at which the vote
may be cast, in which case qualified voters may vote by absentee vote. The board
shall appoint a polling superintendent and other necessary election officers, giving
representation to the opponents of the question as well as to proponents.

(5) If a majority of those voting upon the proposition favor the assessment the board
shall give due notice of the vote. Any owner of property to be benefited by the
project may, within forty (40) days after publication of such notice, file an action in
the Circuit Court of the county in which his lands are located seeking relief by
declaratory judgment or injunction. If a suit is filed, the county attorney shall
represent the board of directors in upholding the validity of the proposed
assessment. After the lapse of time specified herein all actions by owners of properties to be benefited shall be forever barred.

(6) If no suit is filed and no injunction issued within the time allowed in subsection (5) of this section, the board of directors shall levy annual assessments effective only upon the benefited properties and based on the acreage thereof. The annual assessment shall be made by the board of directors at the same time and in the same manner as provided in KRS 262.765 for taxes generally and shall be collected as provided in KRS 262.770. The assessments shall constitute liens against the land benefited and shall attach to the land, taking precedence over all other liens except state, county and municipal taxes and prior improvement assessments.

Section 8. KRS 262.778 is amended to read as follows:

(1) Upon determination by the board of directors of a watershed conservancy district that a watershed project is necessary, and upon approval of the plans for same by the board of supervisors, the board of directors shall adopt a resolution which shall set out:

(a) A description of the project in general terms;

(b) A list of the benefited lands located in the flood plain, as determined by the board of directors, giving the acreage of such lands and the names of the owners thereof as defined by KRS 262.010[(8)](7) with a classification of such lands or parts thereof into classes in order that assessments may be made according to direct benefits;

(c) The total cost of the project; and

(d) The fact that the cost shall be met by a bond issue payable solely from annual assessments to be levied upon the lands set out in the resolution on the basis of a certain amount per acre according to benefits received, not to exceed in any one (1) year a sum per acre specified in the resolution, with the annual assessments to extend over a period of years specified in the resolution not to
(2) The board of directors shall cause due notice of the resolution to be given to all the owners of benefited lands, as determined by the board. Said notice shall set out the time and place of a meeting of the board of directors of the watershed conservancy district at which owners of benefited lands who may be liable for the annual assessments may be heard.

(3) At the hearing upon the resolution, owners of benefited lands may voice their views concerning the proposed project as to whether said project should be undertaken, and the scope thereof, or the propriety of placing their lands in the project area or the degree of benefit received by their lands. The board shall prepare a record summarizing the proceedings. If the board of directors determines as a result of the hearing that the project should be carried out as planned, it may make such changes or revisions in the resolution as it deems proper and shall give due notice of an election to be held at which benefited landowners may vote on the question of annual special assessments to defray the cost of the project. The notice of the election shall include the text of the resolution of the board in its final form. The board of directors may give due notice as provided in KRS 262.010(4).

(4) The board of directors shall prepare to be presented to the voters the question: "Should the assessment proposed by resolution of the .... Watershed Conservancy District be adopted?". Voters shall be instructed to vote "yes" or "no." Only owners of benefited land as set out in the resolution shall be eligible to vote. The board of directors may provide for a meeting of the landowners at which the vote may be cast, in which case qualified voters may vote by absentee vote. The board shall appoint a polling superintendent and other necessary election officers, giving representation to the opponents of the question as well as to proponents.

(5) If a majority of those voting upon the proposition favor the assessment, the board shall give due notice of the vote and the fact that bonds will forthwith be issued
payable from special assessments. Any owner of property to be benefited by the project may, within forty (40) days after publication of such notice, file an action in the Circuit Court of the county in which his lands are located seeking relief by declaratory judgment or injunction. If a suit is filed, the county attorney should represent the board of directors in upholding the validity of the proposed bond issue. After the lapse of time specified herein, all actions by owners of properties to be benefited shall be forever barred.

(6) If no suit is filed and no injunction issued within the time allowed in subsection (5) of this section, the board of directors shall by resolution authorize the issuance of bonds designated "watershed project assessment bonds," determining the principal amount thereof and establishing the denominations and maturity dates thereof and shall levy an annual assessment effective only upon the benefited properties and based on the acreage thereof. The annual rate of such assessments shall be fixed when other taxes of the district are levied and shall be sufficient in each year to provide for the payment of such bonds and interest coupons as they mature and sufficient to provide a fund equal to twenty percent (20%) of the average annual principal and interest requirements, the same to constitute a "debt service reserve" as a precaution against possible default by failure to collect annual levies. The bonds shall state on their face that they do not constitute a debt of the district but are payable solely from collection of special assessments made upon benefited lands lying in the watershed conservancy district.