



May 1, 2018

LEGISLATIVE REPORT NO. 15 – FINAL REPORT
SUMMARY OF LEGISLATIVE ACTIVITIES DURING THE
2018 KENTUCKY GENERAL ASSEMBLY

Kentucky Farm Bureau was involved in many pieces of legislation this session supporting, opposing, and monitoring bills. We were able to secure passage of several of our priority issues this year. The Kentucky General Assembly passed legislation that maintained the 22.2% allocation of the state gas tax revenue for rural roads, maintained 50% of the Master Settlement Agreement Funds to the Agricultural Development Board, and also protected our taxation policy. The bills that were passed during this regular session will become effective on July 14, 2018. Legislation containing an emergency clause became effective upon Governor Bevin's signature.

The Public Affairs staff would like to express our sincere appreciation to all of those who responded to our Legislative Action Request concerning various issues each week. The success of implementing your policy depends on the continued involvement and efforts of county Farm Bureau leaders and members. Please accept our thanks for your assistance in making this year's session a success for Kentucky Farm Bureau.

This year is an election year for all one hundred state house and nineteen state senate seats. As the primary and general elections approach, it is vital that our organization know how these candidates stand on our priority issues. The most effective way to discover the position of candidates is to conduct Measure-the-Candidate Forums. These forums allow us to get candidates on record prior to them becoming elected officials.

As the General Assembly enters into the interim, we encourage those counties that have yet to conduct legislative appreciation events to do so. We know that several counties have already conducted these events during the session with great success. We also encourage you to invite your representatives and senators to your county annual meetings and our state annual meeting.

The following is a detailed report summarizing many of the bills and resolutions in which Kentucky Farm Bureau was involved:

The Kentucky General Assembly passed the state budget (HB 200) on Monday, April 2. The House voted 59-36 and the Senate 25-13. On Monday, April 9, Governor Bevin vetoed the entire budget. The General Assembly reconvened on Friday, April 13 to consider the Governor's veto. The House voted 66-28 and the Senate voted 26-12 to override the veto.

Below are the highlights of the state budget:

- Breathitt Veterinary Center \$3.2 million in both FY19 and FY20.
- UK Veterinary Diagnostic Lab and Division of Regulatory Services \$3.9 million in both FY19 and FY20.
- \$750,000 to Western Kentucky University in both FY19 and FY20 for the Kentucky Mesonet.
- Adult Agriculture Program \$1 million in both FY19 and FY20.
- Total appropriation for the Governor's Office of Agricultural Policy is \$40.55 million in FY19 and \$38.37 million in FY20.
- County accounts will receive \$16.86 million in FY19 and \$15.84 million in FY20.
- Kentucky State Fair and Exposition Center capital improvements \$7 million in FY19 and \$6 million in FY20.
- \$500,000 for the Farms to Food Banks program in both FY19 and FY20.
- Soil Erosion and Water Quality Cost-Share program will receive \$2.5 million in both FY19 and FY20.
- \$907,300 for the Division of Conservation to provide direct aid to local conservation districts in both FY19 and FY20.
- \$350,000 to provide the non-federal match for a federal conservation program in both FY19 and FY20.
- KY Department of Agriculture will receive \$17.69 million in FY19 and \$17.91 million in FY20 of general fund dollars.
- \$300,000 to the Local Agricultural Fair Aid Program in both FY19 and FY20.

2018 State Priority Issues:

"Maintain allocating 50% of the Master Settlement Agreement funds to the Agricultural Development Board, and funds be spent for the purpose of improving net farm income of individual farmers in production agriculture."

"Support continued funding of the Soil Erosion and Water Quality Cost-Share Program."

"Support an efficient, well-administered and adequately financed Kentucky Department of Agriculture."

State Tax Reform

Also on Monday, April 2, the Kentucky General Assembly passed HB 366 a tax reform package. The House voted 51-44 and the Senate 20-18. On Monday, April 9, Governor Bevin vetoed [HB 366](#). The General Assembly reconvened on Friday, April 13 to consider the Governor's veto. The House voted 57-40 and the Senate voted 20-18 to override the veto.

Here are the major provisions of HB 366:

- Lowers the individual income tax rate to five percent.
- Lowers the corporate income tax rate to five percent.
- Increases excise tax on cigarettes by fifty cents.
- Applies sales and use tax to certain services including, landscaping, janitorial, small animal veterinary, pet care, industrial laundry, dry cleaning, linen supply, indoor skin tanning, non-medical diet and weight reducing, limousine, and extended warranty services. The sales and use tax will also be added on the amount charged for labor for repairing or installing those parts that are taxable.
- Conforms to some portions of the federal tax code as passed by Congress last year.

The budget bill also established a Veterinary Contract Spaces Working Group to study the effects of both the establishment of a forgivable loan program for the students of the Veterinary Contract Spaces Program and the projected return of large animal veterinary graduates to practice in Kentucky. The Kentucky Council on Postsecondary Education is directed to establish this working group, which Kentucky Farm Bureau is a member.

On Saturday, April 14, the General Assembly passed a budget and tax reform clean up bills. [HB 265](#) and [HB 487](#) made modifications to the budget and tax reform bills. None of these modifications affected our priority issues. These two bills became law without the Governor's signature.

BILLS FARM BUREAU SUPPORTED THAT PASSED

[HB 132: J. DuPlessis, J. Tipton, G. Brown Jr, M. Castlen, A. Gentry, J. Greer, M. Hart, K. Imes, T. Moore, C. Morgan, M. Prunty, S. Riggs, D. Schamore, S. Wells, S. Westrom - AN ACT relating to financial literacy.](#)

This bill will require a financial literacy course as a high school graduation requirement and direct the Kentucky Board of Education to promulgate administrative regulations establishing academic standards for the financial literacy courses and programs. It

will also direct the Department of Education to develop curricula, materials, and guidelines, which may be used by schools for the financial literacy courses and programs.

KFB Policy:

"We support "Financial Literacy" being included in Kentucky school curriculum at all appropriate levels."

HB 133: J. Tipton, D. Bentley, J. Blanton, M. Castlen, M. Dossett, M. Hart, R. Heath, DJ Johnson, M. Meredith, J. Petrie, P. Pratt, B. Reed, S. Riley, R. Rothenburger, B. Rowland, S. Rudy, J. Shell, J. Sims Jr, W. Thomas, T. Turner - AN ACT relating to the transportation of agricultural commodities and supplies.

This bill will exempt drivers of vehicles transporting agricultural commodities and farm supplies for agricultural purposes within a 150 air-mile radius from a farm or distribution point during the planting and harvesting season from any provisions of 49 C.F.R. pt. 395, relating to hours of service of drivers, adopted by the Transportation Cabinet.

KFB Policy:

"We support legislation that clearly defines the right of farmers to transport their products to market and to move their equipment by the most economically feasible method."

HB 153: R. Heath, D. Bentley, M. Castlen, M. Dossett, J. Gooch Jr., D. Hale, M. Hart, K. Imes, M. Meredith, S. Miles, R. Mills, J. Petrie, P. Pratt, M. Prunty, B. Reed, R. Rothenburger, B. Rowland, D. Schamore, J. Sims Jr, W. Stone, W. Thomas, J. Tipton, T. Turner - AN ACT relating to overweight vehicles.

This bill will establish an annual certificate for vehicles, engaged exclusively in the transportation of feed for livestock or poultry to a farm or facility housing livestock or poultry up to 88,000 pounds and set the fee for a permit at \$150. It will also allow the Transportation Cabinet to require applicants to meet certain safety ratings to be eligible for a permit.

KFB Policy:

"We support the 10% weight exemption on farm trucks and trucks servicing farms hauling agriculture products, similar to the same benefits currently given to the transportation of primary forest products."

HCR 7: B. Reed, M. Castlen, M. Hart, R. Heath, DJ Johnson, K. King, M. Prunty, R. Rothenburger, B. Rowland, S. Rudy, J. Shell, W. Thomas, J. Tipton

This resolution will urge the United States Fish and Wildlife Service to issue more migratory bird depredation permits and sub-permits to allow Kentucky farmers to legally take black vultures that are depredating their livestock.

KFB Policy:

"We encourage a more readily available permit process for nuisance wildlife such as the American black vulture."

SB 119: P. Hornback, R. Girdler - AN ACT relating to cervid meat processors.

This bill will require cervid meat processors to dispose of waste or unused material produced from processing cervid meat in the same manners as required for livestock, poultry, and fish carcasses.

KFB Policy:

"We support additional programs to dispose of dead animals and processing residue."

BILLS FARM BUREAU OPPOSED THAT PASSED

There were no bills passed in this session that Farm Bureau opposed.

BILLS FARM BUREAU OPPOSED THAT DID NOT PASS

HB 29: J. Wayne, G. Brown Jr, T. Burch, J. Donohue, K. Flood, D. Graham, J. Jenkins, M. Marzian, R. Meeks, D. Owens, R. Palumbo, A. Scott - AN ACT relating to taxation.

This bill would have decoupled from changes to the federal estate tax since 2003, provided for a reduction and phase-out of the pension exclusion, capped itemized deductions, and would have amended KRS 132.020 to make the real property tax rate 12.2 cents per \$100 and removed the rate adjustment provision, and removed the recall provisions.

2018 State Priority Issues:

"Strongly oppose freezing the state real property tax rate."

"Support the current provisions of House Bill 44 (KRS 132.010). Revenue from property should continue to be limited to 4% plus new growth. Proposals to exceed 4% should automatically go to the voters."

HB 113: J. Richards - AN ACT relating to traffic lanes.

This bill would have prohibited vehicles with a gross vehicle weight with any towed unit of 44,001 pounds or greater from traveling in the left lane on a limited access highway with a posted speed limit of 65 mph or greater.

KFB Policy:

"We support legislation that clearly defines the right of farmers to transport their products to market and to move their equipment by the most economically feasible method."

HB 556: J. Petrie - AN ACT relating to property valuation administrators' offices and making an appropriation therefor.

This bill would have increased the state real property tax rate by 2.6 cents per \$100 of assessed valuation, and required a special purpose governmental entity to pay to the PVA for use of the property assessment and created the PVA compensation fund.

KFB Policy:

"To prosper in a modern economy, property taxes should be gradually phased downward in favor of broad base sources of revenue."

HB 585: T. Couch - AN ACT relating to tax expenditures and declaring an emergency.

This bill would have amended many of Kentucky's tax laws setting the state property tax rate for real property at 12.7 cents upon each \$100 of assessed value and increase the 4% ceiling on revenues to 5%, and included, within the definition of retail sale, locomotives or rolling stock, and certain agricultural items.

KFB 2018 State Priority Issues:

"Support the provisions of House Bill 44 (KRS 132.010). Revenue from property taxes should continue to be limited to 4% plus new growth. Proposals to exceed 4% should automatically go to the voters."

"Maintain Kentucky's sales tax exemptions for production agriculture."

BILLS FARM BUREAU SUPPORTED THAT DID NOT PASS

HB 10: K. Imes, S. Wells, C. Morgan, J. Tipton, K. Upchurch - AN ACT proposing to amend Section 29 of the Constitution of Kentucky relating to administrative regulations.

This bill would have proposed to amend Section 29 of the Constitution of Kentucky to permit the General Assembly or an agency or committee it creates to review, approve, or disapprove any administrative regulation of the executive branch during or between regular sessions of the General Assembly and submit to the voters for approval or disapproval.

KFB Policy:

"We recommend that the state legislature provide specific guidelines and restraints on the agencies that are to administer the laws and are given the power to adopt rules and regulations."

HB 45: S. Santoro, C. Miller, J. Richards, J. Sims Jr - AN ACT relating to electric and hybrid vehicle fees and making an appropriation therefor.

This bill would have established a base fee for hybrid vehicles, hybrid electric plug-in vehicles, and non-hybrid electric vehicles and required the fee to be adjusted with any increase or decrease in the gasoline tax.

KFB Policy:

"We support revenue options that ensure adequate financing for transportation infrastructure maintenance which take into account increased construction costs, improved fuel efficiency, and electric vehicles which currently pay no fuel tax."

HB 55: J. Tipton, D. Bentley, A. Gentry, M. Prunty, J. Richards, J. Sims Jr, R. Webber - AN ACT relating to drug education.

This bill would have required the Kentucky Board of Education to promulgate administrative regulations to require physical and health education instruction in drug abuse prevention and the connection between abuse and addiction to other drugs.

KFB Policy:

"We also support educational programs designed for students that would teach them the harmful effects of drug use, including prescription drug abuse."

HB 77: P. Moffett - AN ACT relating to trespass.

This bill would have allowed notice of trespass to be given through the placement of identifying purple paint marks on property and required any owner or lessee who marks his or her real property in such a manner to also provide clear written notice forbidding entry.

KFB Policy:

"We favor a paint color, as an alternative to signs, being used on farm fences, trees, etc., for identifying posted property."

HB 130: K. Upchurch, J. Petrie, K. Imes, K. Moser, J. Tipton, T. Turner - AN ACT relating to administrative regulations.

This bill will require the staff of the Administrative Regulation Review Subcommittee to submit to that committee's co-chairs an annual report on administrative regulations found deficient by a legislative committee, list the information that is necessary to complete the report and include prominent text on the first page of the report outlining potential legislative options. It will also allow a committee to take action on an administrative regulation within 60 days of LRC referral and make an emergency administrative regulation expire after 210 days and allow an administrative body that extends the time for filing a statement of consideration to postpone the expiration beyond 210 days for a number of days equal to the extension. **Governor Bevin vetoed this bill.**

KFB Policy:

"We recommend that the state legislature provide specific guidelines and restraints on the agencies that are to administer the laws and are given the power to adopt rules and regulations."

HB 609: S. Santoro, J. Sims Jr, M. Castlen, J. DeCesare, R. Heath, D. Mayfield, C. McCoy, R. Meyer, J. Richards, R. Rothenburger, B. Rowland, D. St. Onge, K. Upchurch, S. Wells, S. Westrom - AN ACT relating to the funding of transportation, making an appropriation therefor, and declaring an emergency.

This bill would have set the average wholesale floor price at \$2.90, increased the supplemental tax on gasoline and special fuels by increasing the existing rate from five cents per gallon on gasoline and two cents on special fuels to eight and a half for both and setting that as the minimum rate. Would have required annual notification to motor fuel dealers of the adjusted rate of supplemental tax for each upcoming fiscal year and annual notification to county clerks of the level of registration fees for electric and hybrid vehicles. Provided a mechanism for annual adjustment of the supplemental motor fuel tax based on changes in the National Highway Construction Cost Index and allow the supplemental tax to increase or decrease no more than 10 percent from one year to the next, subject to the statutory minimum. Would have established a base fee for hybrid vehicles, hybrid electric plug-in vehicles, and non-hybrid electric vehicles and require the fee to be adjusted with any increase or decrease in the gasoline tax. It would have also eliminated the \$30 county clerk fee for motor carrier registrations on vehicles in excess of 44,000 pounds and increase the state fee for motor vehicle registrations from \$11.50 to \$22.

KFB Policy:

"We support revenue options that ensure adequate financing for transportation infrastructure maintenance which take into account increased construction costs, improved fuel efficiency, and electric vehicles which currently pay no fuel tax."

"We support amending KRS 138.210 to specify the motor fuels excise tax does not decrease by more than 10 percent under the average wholesale price in any fiscal year."

SB 117: P. Hornback, J. Carpenter - AN ACT relating to underground facility protection.

This bill would have required operators of underground facilities located in Kentucky to be members of the Kentucky Contact Center (811) and established a phase in period for mandatory membership. It would have also waived the rights of nonmember operators of the Kentucky Contact Center for damage to their underground facilities after December 31, 2019.

KFB Policy:

"We favor legislation requiring all who construct underground lines in Kentucky to be a member of Kentucky811."

SB 121: R. Girdler - AN ACT relating to the motor vehicle reparations act.

This will would have modified the Personal Injury Protection (PIP) payment schedule to mirror the current workers compensation payment schedule.

KFB Policy:

"We support establishing a schedule, as it relates to charges for PIP coverages, similar to that of worker's compensation."

OTHER BILLS OF INTEREST THAT PASSED

HB 3: J. Shell, J. Sims Jr, J. Carney, J. Greer, M. Hart, R. Heath, M. Marzian, D. Osborne, P. Pratt, J. Richards, B. Rowland, S. Santoro, D. Schamore, J. Tipton - AN ACT relating to school curriculum and declaring an emergency.

This bill will, beginning with the 2019-2020 school year, allow each school district to promote an essential workplace ethics program and require each local district to establish essential workplace ethics indicators. It will also require each local board to design an award to reflect that a student has attained workplace ethics indicators and require superintendents to report to the commissioner on the district's workplace ethics programs. It also requires the academic standards in practical living skills for all grade levels include drug abuse prevention and requires the Office of Drug Control Policy develop recommendations on instruction in drug abuse prevention.

EMERGENCY.

HB 33: J. Miller, J. DuPlessis, R. Huff, C. Miller, R. Palumbo, J. Richards, S. Westrom - AN ACT relating to the overtaking of bicycles on a roadway.

This bill provides that the operator of any vehicle moving upon a highway is to keep to the right unless signage or markings indicate otherwise and requires vehicles overtaking bicycles to pass at a distance of at least three feet. Provides that if there is not a minimum distance of three feet available, the passing vehicle is to use reasonable caution. It also specifies when a motor vehicle may pass a bicycle to the left of the center of a roadway and provides that bicycle operators shall not ride more than two abreast in a highway lane unless roadway is marked exclusively for bicycle use.

HB 114: B. Rowland, L. Bechler, J. Carney, M. Castlen, W. Coursey, J. DeCesare, M. Dossett, J. Gooch Jr., R. Heath, J. Hoover, K. Imes, M. Meredith, S. Miles, R. Mills, R. Nelson, J. Petrie, M. Prunty, J. Richards, S. Riley, W. Stone, W. Thomas, K. Upchurch - AN ACT relating to TVA in-lieu-of-tax payments, making an appropriation therefor, and declaring an emergency.

This bill will require that a portion of the Tennessee Valley Authority (TVA) in-lieu-of-tax revenue deposited in the general fund be distributed to agencies designated by counties that have TVA property located in that county or purchase power from TVA; APPROPRIATION; EMERGENCY.

HB 146: D. Hale, M. Castlen, M. Hart, R. Heath, DJ Johnson, B. Reed, R. Rothenburger, B. Rowland, W. Thomas, J. Tipton - AN ACT relating to reorganization.

This bill will change the name of the Office for Agricultural Marketing and Product Promotion to the Office of Agricultural Marketing and rename the divisions within that office. Change the name of the Office for Strategic Planning and Administration to the Office of Administrative Services and rename the divisions within that office. It will also establish the Office of Communications and the Office of Legal Services and clarify meeting requirements of the State Board of Agriculture.

OTHER BILLS OF INTEREST THAT DID NOT PASS

HB 23: K. Imes, L. Bechler, C. Morgan - AN ACT proposing to amend Section 95 of the Constitution of Kentucky relating to the election of state officers.

This bill would have proposed to amend Section 95 of the Constitution of Kentucky to hold the election of the Governor, Lieutenant Governor, Treasurer, Auditor of Public Accounts, Attorney General, Secretary of State, and Commissioner of Agriculture in even-numbered years, every four years, beginning in 2024.

HB 97: K. Imes, C. Morgan - AN ACT relating to campaign finance.

This bill will change the filing deadline for certain candidates for election from the last Tuesday in January to the first Friday following the first Monday in January and change the deadline for filing a statement-of-candidacy form from April 1 to the first Friday following the first Monday in January. **Governor Bevin vetoed this bill.**

There were several pieces of legislation filed this past session to amend Kentucky's Constitution. The only one to pass is Marsy's Law ([SB 3](#)), which if approved by voters this November, would expand rights to crime victims.

A legislatively referred constitutional amendment can be proposed in either the house or the senate. If 60 percent of the membership of each chamber approves, the proposed amendment goes on the ballot at the next general election during which members of the state legislature are up for election (even numbered years). If a simple majority of those voting on the question approves the proposed amendment, it becomes part of the constitution. The state legislature is not allowed to put more than four proposed amendments on any one ballot.

***The Final Legislative Report and KFB's Priority Issues
are also included on KFB's website at kyfb.com.***