



April 19, 2019

LEGISLATIVE REPORT NO. 9 – FINAL REPORT
SUMMARY OF LEGISLATIVE ACTIVITIES DURING THE
2019 KENTUCKY GENERAL ASSEMBLY

The 2019 session of the Kentucky General Assembly concluded on March 28th. There were 263 Senate and 523 House bills introduced of which 68 Senate and 130 House bills became law. Kentucky Farm Bureau was involved in many pieces of legislation this session supporting, opposing, and monitoring bills.

We were able to secure passage of and defend several of our priority issues this year. The General Assembly passed tax legislation and we were able to maintain our taxation priorities related to property taxes and sales tax exemptions for agriculture products. We were also able to secure language increasing Kentucky's Section 179 expense deduction from \$25,000 to \$100,000.

Another priority issue for the 2019 session that passed was modernizing the Grain Insurance Fund. Modernization of the fund ensures that grain farmers producing fund-covered grains in Kentucky will be covered should a grain elevator fail. Bills that passed this session, that did not contain an emergency clause or a delayed effective date, are set to take effect June 27, 2019.

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 to our State Annual Meeting.

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

BILLS FARM BUREAU SUPPORTED THAT PASSED

HB 354: S. Rudy – AN ACT relating to taxation and declaring an emergency.

This bill clarifies the General Assembly intent from the tax legislation passed last session and contains several pro-agriculture provisions. Agriculture also maintained all current sales tax exemptions and state property tax provisions (House Bill 44).

Below are some of the provisions of this bill:

Section 179 Expense Deduction

Allows for more expensing of equipment and allows expensing of up to \$100,000 per year of the investment in equipment, up from the current \$25,000 for property placed in service on or after January 1, 2020.

Exempt Nonprofit Organizations from the Sales Tax

Exempt all sales of admissions by civic, governmental, or other nonprofit organization and exempts all nonprofit fundraising event sales.

Resale Certificate

If a retailer purchases any of the services taxed under the tax reform package enacted in 2018 and intends to resell those services, a resale certificate may be issued that allows those services to be exempt from tax until ultimately sold to a consumer.

Veterinary Taxes on Poultry

Clarifies that the sales tax on small animal veterinary services does not include services for poultry.

2019 State Priority Issues:

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

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

"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."

KFB Policy:

"We support Kentucky's depreciation schedule conforming with the federal depreciation schedule including Section 179 rules and regulations."

"We encourage sales tax not be imposed on nonprofit or charitable organizations."

SB 153: P. Hornback – AN ACT relating to grain.

This bill modernizes the Grain Insurance Fund. Oversight of the fund will move from the Grain Insurance Board to the State Board of Agriculture. The new statute also clarifies that any participating grain farmer producing a fund-covered grain in this state would be covered under the new law when selling their grain to a licensed grain warehouse or dealer in Kentucky. This legislation will also increase the membership of the State Board of Agriculture from 14 to 18 members and will change the entities eligible to nominate individuals to the board, which includes a Kentucky Farm Bureau nomination.

2019 State Priority Issue:

"Support the modernization of the Grain Insurance Fund to adequately protect current and future Kentucky grain producers."

KFB Policy:

"We recommend that the State Board of Agriculture consist of commodity specific members and at least one member representing Farm Bureau."

HB 4: K. Upchurch, J. Carney, C. Howard, C. McCoy, D. Meade, S. Miles, D. Osborne, B. Reed – AN ACT relating to administrative regulations.

This bill will require an annual report on administrative regulations found deficient by a legislative committee. It also makes an emergency regulation expire after 240 days. The bill will also allow a committee to act on an administrative regulation within 90 days of LRC referral and permit an administrative regulation to transfer between standing committees and an interim joint committee or vice versa if a session of the General Assembly occurs during part of the 90-day regulation review period. The Governor vetoed this legislation, but the General Assembly overrode his veto.

2019 State Priority Issue:

"Oppose any agency exceeding legislative intent in the implementation of regulations."

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."

"We support legislative oversight of state regulations."

"We oppose the enactment of regulations that go beyond the intent and authority of state and federal laws."

SB 246: D. Carroll – AN ACT relating to Economic Development.

This bill will change the economic development bond program to the economic development fund. It will also update definitions of agribusiness, eligible company, headquarters, manufacturing, and non-retail service or technology and will set the amount of economic development projects to \$200,000,000 investment for inducements. This bill includes a Farmer Small Business Tax Credit.

The Farmer Small Business Tax Credit

In order to be eligible to receive approval for a tax credit, a selling farmer shall, at a minimum, demonstrates the active use, management and operation of real and personal property for the production of a farm product. Executed a purchase contract to sell agricultural land with a beginning farmer for an amount evidenced by an appraisal, and sold, conveyed and transferred ownership of related agricultural land and assets to a beginning farmer.

The selling farmer shall submit an application after the sale, transfer of title and conveyance of a farm and farming assets together with all information necessary for the authority to determine eligibility for the tax credit.

The maximum amount of Farmer Small Business tax credit for an approved selling farmer in each calendar year shall not exceed \$25,000 and shall be prorated based on factors determined by the Kentucky Economic Development Finance Authority. The maximum amount of credit an individual may claim over a lifetime shall not exceed \$100,000. The credit shall be claimed on the tax return for the year during which the credit was approved. Unused credits may be carried forward for up to five years.

Beginning January 1, 2020, the Kentucky Economic Development Finance Authority may approve Farmer Small Business tax credits for selling farmers.

KFB Policy:

"We support the creation of tax relief for farmers who are retiring or leaving production agriculture and are transferring farmland to individuals who will continue in production agriculture."

HB 311: M. Meredith, B. Reed, M. Dossett, L. Elkins, J. Graviss, D. Hale, R. Heath, K. King, M. Koch, S. Miles, B. Rowland, J. Tipton – AN ACT relating to cultured animal tissue.

This bill will include any food product that purports to be or is represented as meat or a meat product that contains any cultured animal tissue produced from in vitro animal cell cultures outside of the organism, which it is derived, will be deemed misbranded.

KFB Policy:

"We support legislation that would prohibit the misrepresentation of a product as meat that is not derived from harvested production of livestock, poultry or aquaculture."

HB 139: J. DuPlessis – AN ACT relating to the creation of the Kentucky Financial Empowerment Commission.

This bill establishes the Kentucky Financial Empowerment Commission, provides for the board of directors and requires the Auditor of Public Accounts to conduct an annual audit of the Commission. The board will develop and implement a plan toward increasing the financial empowerment for all Kentuckians. This plan will target several areas including K-12 students in Kentucky.

KFB Policy:

"We support financial literacy and Science, Technology, Engineering, Agriculture, Mathematics (STEAM) to be included in Kentucky school curriculum at all appropriate levels."

HB 166: R. Huff, M. Dossett, D. Hale, M. Prunty, B. Reed, S. Sheldon, W. Thomas, J. Tipton – AN ACT relating to a day of prayer for students.

This bill will designate the last Wednesday in September of each year as A Day of Prayer for Kentucky's Students, in accordance with their own faith and consciences, to pray, meditate, or otherwise reflect upon the students of this state as well as their teachers, administrators, and schools.

KFB Policy:

"We believe that the use of prayer should be allowed at school functions."

HR 11: B. Reed and SR 120: J. Higdon

Both of these resolutions recognized the one hundredth anniversary of Kentucky Farm Bureau.

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 34: R. Goforth – AN ACT relating to all-terrain vehicles and making an appropriation therefor.

This bill would have specified that for registration purposes an all-terrain vehicle (ATV) shall be considered a motor vehicle and would have allowed ATVs operating under this bill to operate on roadways of the Commonwealth. It would have also established a fee of \$25 for registration. It would have allowed a local government to allow or prohibit ATV operation on roadways in its jurisdiction and required the Transportation Cabinet to promulgate administrative regulations.

KFB Policy:

"We oppose legislation that would require licensing of farm machinery and equipment and recommend that new farm equipment be exempt from inventory taxes."

HB 39: R. Goforth, R. Brenda – AN ACT relating to homestead food operators and homestead food products.

This bill would have defined "homestead food operator," "potentially hazardous food," and "homestead food product" and allowed them to be exempt from licensure and permitting as required by the Cabinet for Health and Family Services relating to the sale of unpasteurized goat milk.

KFB Policy:

"We strongly urge that all milk utilized for human fluid consumption be pasteurized."

"We oppose legislation that could lessen public health regulations on fluid milk for human consumption."

HB 255: M. Meredith – 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 any highway containing 3 or more lanes 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."

BILLS FARM BUREAU SUPPORTED THAT DID NOT PASS

HB 88: K. Moser, K. Flood, M. Sorolis – AN ACT relating to healthy goals for the school children of the Commonwealth.

This bill would have established the goal of increasing time for physical activity to 20 minutes per day or 100 minutes per week in all schools with kindergarten through grade 5 by November 1, 2020 and encouraged physical activity plans in schools containing grades 6 through 8.

KFB Policy:

"We support a physical activity as part of the school curriculum for grades K-12."

HB 179: M. Prunty, W. Stone – AN ACT relating to county roads.

This bill would have extended to county roads the current allowance for state highways as roads where trucks carrying agricultural products, livestock, and forest products may operate at weights up to 80,000 pounds.

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 203: J. Blanton, C. Freeland, M. Hart, A. Hatton, D. Lewis, M. Prunty – AN ACT creating the Kentucky Rural and Opportunity Zone Jobs Act.

This bill would have established a new tax credit for businesses that invest in rural Kentucky or areas deemed opportunity zones within the Commonwealth.

2019 State Priority Issue:

"Support efforts that will retain and attract new business and industry to rural areas of Kentucky."

HB 226: B. Reed – AN ACT relating to farmer-focused mental health services and making an appropriation therefor.

This bill would have required the Governor's Office of Agricultural Policy to create and administer a program related to farmer-focused mental health service. The program would be appropriated \$500,000 from tobacco settlement funds currently appropriated for health programs and not from funds that the Kentucky Agriculture Development Fund or Kentucky Agriculture Finance Corporation currently receive. The purpose of the program was to provide the farming community with access to information on issues affecting mental health, create a telephonic and Internet-based message function to leave comments or questions and receive responses. It would have also provided assistance with paying for up to three mental health guidance sessions with a mental health professional licensed or certified in Kentucky whose scope of practice includes providing mental health treatment services.

KFB Policy:

"We support a dedicated suicide hotline for farmers and agricultural workers, and encourage Kentucky Farm Bureau to promote its availability."

HB 383: J. Miller, R. Brenda, J. Carney, M. Dossett, J. DuPlessis, C. Freeland, J. Glenn, J. Graviss, R. Huff, J. Jenkins, A. Koenig, S. Lewis, M. Marzian, C. McCoy, R. Meyer, P. Minter, K. Moser, P. Pratt, M. Prunty, S. Riley, S. Santoro, S. Sheldon, C. Stevenson, N. Tate, B. Wheatley – AN ACT relating to taxation of vapor products and making an appropriation therefor.

This bill would have imposed a floor stocks tax and an excise tax on vapor products and would have directed this tax revenue to the Kentucky permanent pension fund.

KFB Policy:

"We support the concept of inspection, labeling, regulation and taxation of vapor products."

SB 3: J. Schickel, M. Wilson, D. Carroll, D. Givens, D. Seum, S. West – AN ACT relating to school councils.

This bill would have clarified that there be an equal number of teachers and parents on a school site-based council. The bill proposed to reduce the number of teachers to two members. If the membership of the council increased, it must only be increased proportionately to include equal number of parents and teachers.

KFB Policy:

"We believe that statutory models and all alternative models for school site-based council composition should ensure equal representation of parents and employees."

SB 129: P. Hornback, J. Carpenter, R. Girdler – 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 and would have established a phase-in period for mandatory membership. It would have also waived the rights of non-member operators of the Kentucky Contact Center for damage to their underground facilities after December 31, 2023.

KFB Policy:

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

SB 137: R. Girdler – AN ACT relating to the motor vehicle reparations act.

This bill would have modified the Personal Injury Protection (PIP) payment schedule to mirror the current workers compensation payment schedule with some exceptions.

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 11: K. Moser, D. Bentley, C. Booker, J. Glenn, R. Goforth, J. Graviss, A. Koenig, C. Massey, R. Palumbo, M. Prunty, S. Sheldon, N. Tate, S. Westrom, B. Wheatley, L. Willner – AN ACT relating to student health.

This bill prohibits the use of tobacco products, alternative nicotine products, or vapor products by students, school personnel, and visitors in schools, school vehicles, properties, and activities and requires policies to be in place by the 2020-2021 school year. The bill also requires that smoke-free policies and signage be in place at each school. Each local board of education may choose, up to three years after the effective date of this Act, to opt out of this school smoking ban.

HB 22: M. Hart, C. Howard, R. Huff, C. Massey, M. Prunty – AN ACT relating to local boards of education.

This bill changes the appointment process of a local school board vacancy from being appointed by the chief state school officer to being appointed by a majority vote of the local school board members.

HB 46: B. Reed, D. Bentley, K. Bratcher, C. Fugate, M. Hart, R. Heath, R. Huff, K. King, S. Lee, M. Prunty, B. Rowland, S. Sheldon, W. Thomas, J. Tipton – AN ACT relating to the display of the national motto in public schools.

This bill requires elementary and secondary schools to display the words “In God We Trust” in a prominent location within the school. The display can take the form of a plaque or a piece of student artwork.

HB 49: S. Lee, L. Bechler – AN ACT relating to the levy of property taxes.

This bill expands the timeframe to file a recall petition on property tax increases in Lexington and Louisville from 45 to 50 days and to allow for electronic petition signatures that comply with the requirements of the Uniform Electronic Transactions Act.

HB 84: K. Bratcher, D. Bentley, R. Brenda, M. Dossett, L. Elkins, D. Elliott, D. Frazier, J. Gooch Jr., J. Graviss, D. Hale, T. Huff, K. King, S. Lee, S. Lewis, C. Massey, C. McCoy, T. Moore, K. Moser, P. Pratt, M. Prunty, S. Riley, B. Rowland, S. Sheldon, J. Tipton, R. Webber, S. Westrom – AN ACT relating to called identification.

This bill strengthens current law to prohibit telephone solicitations, which misrepresent the name, or telephone number in caller identification services, increases the fines for second offenses, adds criminal fines and allows a civil cause of action for violations of this law.

HB 197: R. Heath – AN ACT relating to industrial hemp.

This bill updates the state definition of industrial hemp to conform to the federal definition in the 2018 Farm Bill, which officially legalized hemp nationwide.

HB 268: S. Rudy – AN ACT amending the 2018-2020 executive branch biennial budget, making an appropriation therefor, and declaring an emergency.

This bill amends the current executive branch budget to allow the Energy and Environment Cabinet to use restricted funds for reclaiming abandoned storage tank facilities in order to return the property to productive use.

HB 341: K. Upchurch, S. Saltoro – AN ACT relating to special license plates.

This bill increases the initial and renewal fees to obtain a special license plate and requires that special plates maintain a minimum of 500 registrations annually for the cabinet to continue production of the plate.

HB 352: D. Meade, K. Upchurch, J. Hoover, T. Turner – AN ACT relating to motor carriers and making an appropriation.

This bill allows motor vehicles, using approved axle configurations, to transport unrefined petroleum products on the system at a maximum weight of 120,000 pounds, with a gross weight tolerance of five percent. The bill sunsets the increased weight provision on June 30, 2028 and states that no new overweight or over dimensional permits shall be granted under transportation statutes.

HB 468: R. Heath – AN ACT relating to food products and declaring an emergency.

This bill expands the list of eligible food products that can be produced and sold by homebased food processors and homebased food micro-processors. The bill also requires homebased processors to register with the Cabinet for Health and Family Services.

SB 60: C. McDaniel, R. Alvarado, R. Girdler, D. Thayer, M. Wilson – AN ACT relating to elections.

This bill changes 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 changes the deadline for filing a statement-of-candidacy form from April 1 to the first Friday following the first Monday in January.

SB 85: W. Westerfield, D. Carroll, S. Meredith, R. Thomas – AN ACT relating to driving under the influence and making an appropriation therefor.

This bill requires individuals convicted of driving under the influence to install an ignition interlock device on their vehicle for a certain period or receive an increased period of a suspended license.

SB 100: B. Smith, M. Castlen – AN ACT relating to net metering.

This bill increases the maximum capacity for an eligible electric generating facility to 45 kilowatts and requires the Public Service Commission to set the compensation rate for eligible customer-generators. The bill also specifies that the ratemaking process shall set the amount of compensation for electricity produced by eligible customer-generators be initiated by a retail electric supplier or generation and transmission cooperative on behalf of one or more retail electric suppliers. This bill contains a grandfather clause that will continue the 1:1 kilowatt-hour denominated energy credit and will remain in effect for 25 years. This bill will become effective January 1, 2020.

SB 150: B. Smith, D. Thayer, R. Alvarado, M. Castlen, C. Embry Jr., P. Hornback, S. Meredith, R. Mills, J. Schickel, W. Schroder, D. Seum – AN ACT relating to carrying concealed weapons.

This bill allows persons age twenty-one or older, and otherwise able to lawfully possess a firearm, to carry concealed firearms or other concealed deadly weapons without a license in the same locations as persons with valid licenses.

OTHER BILLS OF INTEREST THAT DID NOT PASS

HB 334: B. Reed – AN ACT relating to off-highway vehicles and making an appropriation therefor.

This bill would have defined what was considered an off-highway vehicle and require those units to pay an annual registration fee and purchase insurance if operating on a roadway. The bill provided for specific exemptions, which included if the off-highway vehicle was being used for agriculture purposes.

HB 402: J. Petrie – AN ACT relating to the repeal of tax expenditures.

This bill would have eliminated the tax expenditures for certified alcohol production facility property, fluidized bed energy production facility and for pay telephones. It would have also eliminated the tax expenditure for capital gains income attributable to property taken by eminent domain, related to coal royalty income, related to certain entities exempt from paying the limited liability entity tax, eliminated the GED employer tax credit. It would have repealed the coal conversion tax credit, the qualified farming operation tax credit and the incentive for coal used in burning solid waste.

HB 517: S. Santoro, J. Sims Jr, D. Bentley, J. Blanton, R. Heath, R. Huff, C. McCoy, R. Meyer, J. Miller, P. Pratt, M. Prunty, R. Rothenburger, B. Rowland, S. Sheldon, K. Upchurch, S. Westrom – AN ACT relating to the funding of transportation and making an appropriation therefor.

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. It would have also 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. It would have also eliminated the \$30 county clerk fee for motor carrier registrations on vehicles in excess of 44,000 pounds and increased the state fee for motor vehicle registrations from \$11.50 to \$22.

SB 25: R. Alvarado, J. Schickel, D. Thayer – AN ACT relating to special purpose government entities.

This bill would have required proposed increases in ad valorem taxes, certain fees and the levy of new ad valorem taxes or fees by special purpose governmental entities to be submitted to the legislative body of the county or city in which the special purpose governmental entity is located for review. The legislative body would have the ability to approve or deny any tax increases above the compensating rate.

SB 26: R. Alvarado – AN ACT relating to the levy of taxes.

This bill would have extended the deadline to file a property tax recall petition to 75 days, allow electronic signatures to be counted when the signatures comply with the Uniform Electronic Transactions Act and lower the number of signatures needed for the petition to five percent. The bill would have also subjected a tax increase by the district board of education in excess of the amount of revenue produced by the compensating tax rate to a recall vote.

SB 33: J. Schickel – AN ACT relating to employment discrimination based on smoking.

This bill would have removed protections against employment discrimination based on an individual's status as a smoker or nonsmoker.

SB 35: P. Hornback, D. Parrett – AN ACT relating to grain discounts.

This bill would have authorized the Department of Agriculture to investigate grain discounts and impose a penalty for hindering, obstructing, or interfering with inspector. The bill would have also required the Department of Agriculture to report its findings on investigations relating to grain discounts to the Legislative Research Commission and the Interim Joint Committee on Agriculture by November 1 of each year.

SB 81: D. Thayer – AN ACT relating to equine within Kentucky and making an appropriation therefor.

This bill would have established the Kentucky equine education account to support the equine programs at the University of Louisville, University of Kentucky, and the Bluegrass Community and Technical College. It would have established provisions for the funds, and required reporting of the funds. The bill would have also reallocated the money from pari-mutuel wagering that is deposited into the equine industry program trust and revolving fund to the Kentucky equine education account.

SB 200: R. Webb – AN ACT relating to working animals.

This bill would have guaranteed the right to utilize working animals for the mutual benefit and welfare of the animals and those they serve.

SB 218: B. Smith, S. Meredith – AN ACT relating to prevention of smoking and vaping by students.

This bill would have required the Department of Education to establish an anonymous reporting mechanism for students to report concerns about vaping and other substances in schools and establish policies for the prompt investigation of reports to the anonymous reporting mechanism. The bill would have also encouraged local school boards to provide awareness programs to teachers, students, and staff about vaping.

SB 242: R. Webb – AN ACT relating to physical education curriculum.

This bill would have permitted a school-based decision-making council or principal of a public middle or high school to adopt a physical education curriculum that includes a program of hunting, fishing, trapping, and firearm safety instruction and require the Board of Education to consult with the Department of Fish and Wildlife to promulgate standards for such a program.

SB 249: S. Meredith – AN ACT relating to the sale of tobacco products.

This bill would have restricted the sale of tobacco and vapor products to persons under the age of 21.

SB 255: B. Smith – AN ACT relating to utility rates.

This bill would have allowed the Public Service Commission to implement alternative regulatory methods so that utilities may adjust their rates outside of a general rate case proceeding, allow for the development of minimum filing requirements, and establish procedures for consideration and denial of an alternative regulatory method. This bill would also have allowed the Public Service Commission to employ outside experts and consultants in discharging their duties under the Act.