



March 15, 2019

## **Legislative Report No. 8**

### **2019 Kentucky General Assembly**

Yesterday marked the twenty-ninth legislative day of this 2019 session of the Kentucky General Assembly. The General Assembly will now break for the ten-day veto period and will return March 28<sup>th</sup> for the final day of the 2019 session.

#### **Some bills of interest:**

##### **[H.B. 354: S. Rudy – AN ACT relating to taxation.](#)**

The free conference committee report passed the Senate by a vote of 34-3 and the House by a vote of 87-8. This bill now heads to the Governor for his signature. Below are some of the provisions of this report:

##### **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.

**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."*

**S.B. 246: Sen. D. Carroll – AN ACT relating to Economic Development.**

This bill would change the 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 would set the amount of economic development projects to \$200,000,000 investment for inducements. This bill was amended by the House Economic Development and Workforce Investment Committee to include a Farmer Small Business Tax Credit. This credit can be taken by an individual selling their farmland to a new or beginning farmer. This bill passed the full House 90-8 and the House amendments were concurred with by the Senate by a vote of 35-0. The bill now heads to the Governor for his signature.

**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, demonstrated the active use, management and operation of real and personal property for the production of a farm product. Execute 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."*

**H.B. 311: M. Meredith – AN ACT relating to cultured animal meat.**

This bill would amend KRS 217.035 to 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. This bill passed the House 93-1 and passed the Senate by a vote of 36-0. This bill now heads to the Governor for his signature.

**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."*

**S.B. 153: P. Hornback – AN ACT relating to grain.**

This bill would modernize the Grain Insurance Fund. Under the proposed law, oversight of the fund would move from the Grain Insurance Board to the State Board of Agriculture. The new statute would also clarify that any participating grain producer in this state would be covered under the new law. This legislation would also increase the membership of the State Board of Agriculture from 14 to 18 members and would change the entities eligible to nomination individuals to the board. This bill passed the full Senate by a vote of 34-0. An amended version of this bill passed the House by a vote of 92-1 and the Senate concurred with the House amendments by a vote of 37-0. This bill now heads to the Governor for his signature.

**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."*

**HOW TO CONTACT YOUR LEGISLATORS**

During the week, you may reach your representative and senator in Frankfort by calling 502.564.8100.

If you do not desire to talk to your state legislator immediately or you just want to leave a message, you may dial toll-free 800.372.7181. An answering service will take your message for your representative or senator. The legislative calendar information line is 800.633.9650, the bill status line is 866.840.2835, and the Governor's office number is 502.564.2611.

If you desire to e-mail your representative or senator, [click here](#) for a list of e-mail addresses for members of the Kentucky General Assembly. Find your legislator and click on his or her name to access their e-mail address.

### **YOUR LOBBYISTS**

Those who are registered to lobby for Kentucky Farm Bureau for the 2019 session are: Jeff Harper, Public Affairs Director, extension 5104; Kyle Kelly, extension 7417; Mike Biagi, extension 7270; and Drew Graham, extension 5101. If you would like to call your lobbyists during the evening, call 502.495.5000 and key in their extensions.

If you would like to contact one of your lobbyists during the day, please call Katie Weatherholt at 502.493.7669 and she will put you in touch with one of them.

### **KEEP ALL LEGISLATIVE ACTION REQUESTS FOR FUTURE USE**

We suggest that you keep a record of the Legislative Action Requests on file because, on occasion, we may refer to a previous report as a source of more details regarding an issue.

### **FUTURE DATES OF INTEREST**

March 15–26.....Veto Period  
March 27.....Legislative Holiday  
March 28 .....General Assembly, Sine Die

**The Legislative Report and KFB's Priority Issues are also on KFB's website at [kyfb.com](http://kyfb.com) and the KFB app.**