



February 13, 2017

KAR Events and Activities

Don't miss KAR's Annual Broker Summit to be held Wednesday April 26th from 9:00 am - 5:00 pm EST at Crowne Plaza Louisville Airport Expo Ctr, 830 Phillips Lane, Louisville, KY 40209. Open to all agents and brokers! To register, [click here](#).

2017 Legislative Session

FRANKFORT -- State lawmakers returned to the Capitol last week to start the second part of the General Assembly's 2017 session. By week's end, dozens of bills on subjects ranging from school calendars to pension transparency had taken steps forward in the legislative process. To welcome the legislators back from their break, KAR hosted a legislator reception on Tuesday evening at the Hyatt Regency followed by Hill Visits on Wednesday morning. During the Hill Visits, over 200 REALTORS® from across the state had their voices heard when they met with their respective legislators about issues important to real estate including how tax reform, which will likely be the focus of a special session later this year, may impact the industry.

Additionally, Senate and House met in a joint session to hear Gov. Matt Bevin's State of the Commonwealth Address. Amid a host of subjects covered by the governor in the his second such address, his call for tax reform and additional efforts to strengthen the state's public pension systems generated headlines across the state. To read more, [click here](#).

Governor Bevin issued a proclamation declaring last week (February 5-11) as Kentucky Home Ownership Week. Private ownership of real property is the foundation of our nation's free enterprise system. Homeownership is the cornerstone of the American Dream and contributes to community responsibility; business, civic, and economic stability; family security and quality of life. During our Rally in the Rotunda during KAR's Hill Visits, Speaker Jeff Hoover read Governor Bevin's proclamation to the REALTORS® in attendance and emphasized the importance of real estate to the economy and the work our members do to advance home ownership. To view the proclamation, [click here](#).

Articles concerning tax reform:

- Herald Leader – Feb. 8th - Bevin hints at tax increases in State of the Commonwealth address - <http://www.kentucky.com/news/politics-government/article131588749.html>
- Courier Journal – Feb. 9th - Bevin's tax reform push already fueling debate - <http://www.courier-journal.com/story/news/politics/ky-general-assembly/2017/02/09/bevins-tax-reform-push-already-drawing-fire/97698446/>
- Glasgow Daily Times – Feb. 9th - Tax increase 'problematic' for some lawmakers - http://www.glasgowdailytimes.com/news/tax-increase-problematic-for-some-lawmakers/article_15d1e544-ef21-11e6-8ad1-ebbbf4acc913.html

KAR is tracking (supporting, opposing or monitoring) numerous bills that relate to real estate, either directly or indirectly, from landlord tenant issues, planning and zoning, home inspections, condo associations, homestead exemption, manufactured homes, etc.

Please be sure to look for ***KAR's Legislative Update*** sent weekly during this legislative session, for the latest updates and information in Frankfort and how it affects your business.

KAR and our Quick Response Team will keep you up to date on issues during the 2017 Legislative Session. Please contact dharris@kar.com if you have questions or comments regarding KAR's legislative activity.

Below is a complete list of bills that KAR is tracking to protect the real estate industry and homeownership.

KAR Priorities:

Tax reform

HB263 **TAXATION** (WAYNE, J) Amend KRS 140.130 to decouple from changes to the federal estate tax since 2003; amend KRS 141.010 to provide for a reduction and phase-out of the pension exclusion, disallow the domestic production activities deduction, establish a cap for itemized deductions, and define "taxpayer"; amend KRS 141.020 to provide for changes to income tax rates; amend KRS 141.066 to provide for a refundable earned income credit; amend KRS 141.0205 to recognize changes in income tax credits; amend KRS 141.0401 to lower the exclusion threshold; amend KRS 141.120 to change apportionment methods to use a "throwback" rule and market-based sourcing for receipts; amend KRS 141.200 to require "combined" reporting for corporations; amend KRS 134.810, 136.310, 136.530, 141.040, 141.121, 141.206, and 141.420 to conform; amend KRS 141.205 to recognize "tax haven" foreign countries and tax all income apportioned or allocated to those countries; amend KRS 141.383, 148.544, and 148.546 to make the film industry tax credit nonrefundable and nontransferable; create a new section of KRS 6.905 to 6.935 to require review and sunset of all economic development tax credits; amend KRS 131.190 to allow LRC employees to review selected tax documents; amend KRS 138.270 to reduce motor fuels dealer compensation to one percent; amend KRS 132.020 to make the real property tax rate 12.2 cents per \$100, remove the rate adjustment provision, and remove the recall provisions; amend KRS 132.260 to clarify requirements for reporting of rental space for mobile or manufactured homes, private aircraft, and certain boats or vessels; amend KRS 132.730, 132.751, 132.810, and 132.815 to clarify property tax treatment of manufactured homes; amend KRS 140.300 to clarify the treatment of agricultural valuation on inherited property; amend KRS 279.200, 279.530, 279.220, and 139.530 to repeal rural electric and telephone co-op taxes; amend KRS 132.097 and 132.099 to amend the exemption for personal property shipped out of state; amend KRS 139.105, 139.200, 139.220, 139.270, 139.340 and 139.740 to impose sales tax on selected services; amend KRS 243.0305 and 243.990 to recognize changes in the distilled spirits case tax; amend KRS 138.130, 138.140, and 138.143 to change the tax on cigarette rolling papers, to raise the tobacco taxes, to impose a floor stock tax, and to tax e-cigarettes; amend KRS 65.125, 65.674, 67.862, 67.938, 67A.843, 68.245, 68.248, 82.095, 97.590, 132.0225, 132.023, 132.024, 132.027, 132.029, 157.440, 160.470, 160.473, 67C.147, 78.530, 342.340, and 134.810 to remove the provisions of HB 44 that allow for recall of certain tax rates and make conforming and technical changes; repeal KRS 132.017, 132.018, 132.025, 132.720, 143A.035, and 243.710, relating to recall petitions and to various tax rates; provide that estate tax provisions apply for deaths occurring on or after August 1, 2017, sales tax provisions are effective for periods beginning on or after October 1, 2017, motor fuels compensation provisions are effective August 1, 2017, and property tax provisions are for assessments on and after January 1, 2018.

Current Status: 2/8/2017 – Introduced in House

State Bill Page: <http://www.lrc.ky.gov/record/17RS/HB263.htm>

KAR Position: TBD

Legal Reform

HB112 DOGS (LEE, S) Amend KRS 258.095 to modify the definition of persons who would qualify as the owner of a dog for purposes of that chapter.

Current Status: 1/6/2017 - (H) Referred to Committee House Tourism & Outdoor Recreation

State Bill Page: <http://www.lrc.ky.gov/record/17RS/HB112.htm>

KAR Position: Support

SB99 REAL PROPERTY OWNERSHIP (ALVARADO, R) Amend KRS 258.095 to modify the definition of persons who would qualify as the "owner" of a dog for purposes of that chapter.

Current Status: 2/9/2017 - (S) SECOND READING, to Rules

State Bill Page: <http://www.lrc.ky.gov/record/17RS/SB99.htm>

KAR Position: Support

Administrative regulation reform

HB50 ADMINISTRATIVE REGULATIONS (IMES, K) Amend KRS 13A.010 to amend the definition of "administrative regulation" and to define "last effective date"; amend KRS 13A.040 to require the regulations compiler to maintain a list of all administrative regulation numbers and their corresponding last effective dates; amend KRS 13A.220 and 13A.222 to make conforming changes to enable the renewal of an administrative regulation; amend KRS 13A.310 to provide that, beginning July 1, 2017, an ordinary administrative regulation shall expire 7 years after its last effective date; provide that an administrative regulation that has a last effective date prior to July 1, 2012, shall expire on July 1, 2019; establish duties of regulations compiler; and establish requirements for an administrative body that does not want an administrative regulation to expire.

Current Status: 2/10/2017 - (H) posted in committee House Licensing, Occupations & Administrative Regulations

State Bill Page: <http://www.lrc.ky.gov/record/17RS/HB50.htm>

KAR Position: Monitor

Substance Abuse

SB120 CRIMES AND PUNISHMENTS (WESTERFIELD, W) Amend KRS 17.510 to provide that juveniles adjudicated in other states are not required to register in Kentucky and make the provision retroactive; amend KRS 453.190 to define a "poor person" as one who has an income at or below 100% on the Supreme Court's sliding scale of indigency; amend KRS 534.060 to provide that no person shall be imprisoned for nonpayment of fines or court costs unless the failure to pay was willful and not due to an inability to pay; amend KRS 534.070 to raise the daily credit against a fine or court costs for time served to \$75 per day or \$150 per day if the defendant works at a community service or community labor program; provide that a jailer shall release the defendant, unless the defendant is incarcerated on other orders, once he or she has sufficient credit to satisfy the fine or court costs; amend KRS 23A.205 and 24A.175 to provide that if a defendant is

a poor person and that he or she is unable to pay court costs in the foreseeable future, the defendant shall not be ordered to pay court costs or placed in jail for failing to pay court costs; amend various statutes to conform; amend KRS 439.250 and 439.345 to provide supervised compliance credits for some individuals on probation, parole, and post-release supervision; amend KRS 439.3108 to increase the time the Department of Corrections or the Parole Board can place a supervised individual who violates the conditions of community supervision in a detention facility; amend KRS 439.3401 to prohibit those convicted of manslaughter in the 2nd degree, reckless homicide, fetal homicide in the 3rd degree, and fetal homicide in the 4th degree from being paroled until he or she serves at least 50% of the sentence imposed; prohibit those convicted of a violation of manslaughter in the second degree or reckless homicide, when the victim was a peace officer or firefighter killed in the line of duty, from being paroled until he or she serves at least 85% of the sentence imposed; amend KRS 439.3406 to prohibit an inmate from being placed on mandatory reentry supervision if the inmate has not served at least 6 months since he or she was recommitted for a violation or has twice been released on mandatory reentry supervision; create new sections of KRS Chapter 439 to require the Department of Corrections to implement a reentry drug supervision pilot program for certain inmates and parolees with substance use disorders; create a new section of KRS Chapter 15 to allow law enforcement organizations to create Angel Initiative Programs; amend KRS 202A.121 to allow appointed counsel access to records; create a new section of KRS Chapter 197 to allow the Department of Corrections to administer a Prison Industry Enhancement Certification Program (PIECP); create a new section of KRS Chapter 196 to require the Kentucky State Corrections Commission to oversee a PIECP; amend various sections in KRS Chapter 335B relating to employment and licensure of persons convicted of crimes to narrow the class of offenses to which the chapter applies, to add consideration of the passage of time since the commission of the offense to the criteria considered in making licensure decisions, to delete language relating to a hiring or licensing authority's subjective view of an ex-offender's rehabilitation, and to require an open hearing prior to a license denial for an ex-offender; repeal, reenact, and amend KRS 335B.060 to exempt peace officers and other law enforcement personnel; repeal KRS 335B.040; amend various statutes to conform; amend KRS 532.100 to allow Class C and D felons eligible for placement in a local jail to participate in an approved community work program or other form of work release with the approval of the Department of Corrections; create a new section of KRS Chapter 533 to allow jails to operate a day reporting program; create new sections of KRS Chapter 441 to operate a reentry center with the approval of the Department of Corrections; amend various statutes to conform; amend KRS 15.280 to provide that the Criminal Justice Statistical Analysis Center is not the record custodian of the data sent to the center; amend KRS 15A.075 to reconstitute the Criminal Justice Counsel; create new sections of KRS Chapter 197 to specify how cost savings shall be calculated and create the criminal justice reinvestment fund to collect and appropriate those savings.

Current Status: 2/10/2017 - (S) Referred to Committee Senate Judiciary

State Bill Page: <http://www.lrc.ky.gov/record/17RS/SB120.htm>

KAR Position: Monitor

Other business and real estate related bills:

HB72

PLANNING AND ZONING (MILLER, J) Create a new section of KRS Chapter 100 to set requirements for filing a supersedeas bond for appeals of Circuit Court decisions before the case is transferred to the Kentucky Court of Appeals.

Current Status: 2/9/2017 - floor amendment (2) filed, floor amendment (3) filed to Committee Substitute

State Bill Page: <http://www.lrc.ky.gov/record/17RS/HB72.htm>

KAR Position: Support

- HB254** **KENTUCKY COMMISSION ON PROPRIETARY EDUCATION** (KEENE, D) Amend KRS 165A.310 to exempt from the definition of "proprietary school" schools or educational institutions licensed or approved by, or a course or course of study or instruction sponsored by, the Kentucky Real Estate Commission or the Kentucky Real Estate Appraisers Board.
Current Status: 2/8/2017 - Introduced
State Bill Page: <http://www.lrc.ky.gov/record/17RS/HB254.htm>

KAR Position: Support

- HB284** **PROPERTY VALUATION** (MEREDITH, M) Amend KRS 132.690, relating to property valuation administrator (PVA) inspections to establish that improvements to real property be inspected on-site, in person visually by the PVA or his or her deputy, and that subsequent inspections may be either on-site, through the use of digital imaging technology, or by other means approved by the Department of Revenue; amend KRS 133.120 to provide for an extension of PVA taxpayer conferences and subsequent appeals for up to 25 days, as approved by the department; amend KRS 133.030, relative to the county board of assessment appeals, to accommodate the changes relative to the extension of appeals; amend KRS 133.125, 132.220, and 133.045 to conform; EMERGENCY.
Current Status: 2/9/2017 - Introduced
State Bill Page: <http://www.lrc.ky.gov/record/17RS/HB284.htm>

KAR Position: Support

- SB63** **CIVIL RIGHTS** (MCGARVEY, M) Amend KRS 344.010 to include definitions for "sexual orientation," "gender identity," " local Commission," and "real estate-related transaction"; amend KRS 344.020, relating to the purpose of the Kentucky's civil rights chapter, to include a prohibition on discrimination because of sexual orientation and gender identity; amend KRS 344.040, 344.050, 344.060, 344.070, and 344.080, relating to prohibited discrimination in various labor and employment practices, to include sexual orientation and gender identity; amend KRS 344.025, 344.100, 344.110, and KRS 18A.095 to conform; amend KRS 344.120 and 344.140, relating to prohibited discrimination in places of public accommodation and advertisements therefor, to include sexual orientation and gender identity; amend KRS 344.170, 344.180, 344.190, 344.300, and 344.310, relating to the state and local human rights commissions, to include prohibition of discrimination on the basis of sexual orientation and gender identity in the scope of their powers and duties; amend KRS 344.360, 344.680, 344.370, and 344.380, relating to prohibited discrimination in certain housing, real estate, and other financial transactions, to include sexual orientation and gender identity; amend KRS 344.367, relating to prohibited discrimination in certain insurance sales, to include sexual orientation and gender identity; amend KRS 344.400, relating to prohibited discrimination in certain credit transactions, to include sexual orientation and gender identity; make various technical amendments.
Current Status: 1/7/2017 - (S) Referred to Committee Senate Judiciary
State Bill Page: <http://www.lrc.ky.gov/record/17RS/SB63.htm>

KAR Position: Support

- HB97** **HOME INSPECTIONS** (NELSON, R) Create a new section of KRS Chapter 367 to require home inspections before purchasing.

Current Status: 1/3/2017 - (H) Referred to Committee House Licensing, Occupations & Administrative Regulations

State Bill Page: <http://www.lrc.ky.gov/record/17RS/HB97.htm>

KAR Position: Oppose

HB21 ZONE TAX INCENTIVES (NELSON, R)

Current Status: 1/3/2017 - (H) Referred to Committee House Appropriations & Revenue

State Bill Page: <http://www.lrc.ky.gov/record/17RS/HB21.htm>

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KAR Position: Monitor

HB28 CONSOLIDATED LOCAL GOVERNMENTS (WAYNE, J)

Current Status: 1/3/2017 - (H) Referred to Committee House Local Government

State Bill Page: <http://www.lrc.ky.gov/record/17RS/HB28.htm>

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KAR Position: Monitor

HB44 PROMISE ZONE TAX INCENTIVES (YORK, J)

Current Status: 1/3/2017 - (H) Referred to Committee House Appropriations & Revenue

State Bill Page: <http://www.lrc.ky.gov/record/17RS/HB44.htm>

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KAR Position: Monitor

HB59 CONSTITUTIONAL AMENDMENT (KAY II, J)

Current Status: 1/3/2017 - (H) Referred to Committee House Elections, Constitutional Amendments & Intergovernmental Affairs

State Bill Page: <http://www.lrc.ky.gov/record/17RS/HB59.htm>

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KAR Position: Monitor

HB64 AIRPORT NOISE MITIGATION (DONOHUE, J)

Current Status: 1/3/2017 - (H) Referred to Committee House Appropriations & Revenue

State Bill Page: <http://www.lrc.ky.gov/record/17RS/HB64.htm>

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KAR Position: Monitor

HB66 KENTUCKY BOARD OF HOME INSPECTORS (MARZIAN, M)

Current Status: 1/3/2017 - (H) Referred to Committee House Licensing, Occupations & Administrative Regulations

State Bill Page: <http://www.lrc.ky.gov/record/17RS/HB66.htm>

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KAR Position: Monitor

- HB88 PESTICIDE APPLICATION NOTICE REQUIREMENTS (FISCHER, J)**
Current Status: 1/3/2017 - (H) Referred to Committee House Agriculture
State Bill Page: <http://www.lrc.ky.gov/record/17RS/HB88.htm>
KAR Position: Monitor
- HB91 REAL AND PERSONAL PROPERTY OWNERSHIP (MEEKS, R)**
Current Status: 1/3/2017 - (H) Referred to Committee House Judiciary
State Bill Page: <http://www.lrc.ky.gov/record/17RS/HB91.htm>
KAR Position: Monitor
- HB102 CONSTITUTIONAL AMENDMENT (OWENS, D)**
Current Status: 1/6/2017 - (H) Referred to Committee House Elections, Constitutional Amendments & Intergovernmental Affairs
State Bill Page: <http://www.lrc.ky.gov/record/17RS/HB102.htm>
KAR Position: Monitor
- HB109 CONDOMINIUM ASSOCIATIONS (KOENIG, A)**
Current Status: 2/10/2017 - (H) posted in committee House Licensing, Occupations & Administrative Regulations
State Bill Page: <http://www.lrc.ky.gov/record/17RS/HB109.htm>
KAR Position: Monitor
- HB113 OCCUPATIONAL LICENSURE (RICHARDS, J)**
Current Status: 2/10/2017 - (H) posted in committee House Licensing, Occupations & Administrative Regulations
State Bill Page: <http://www.lrc.ky.gov/record/17RS/HB113.htm>
KAR Position: Monitor
- HB137 MANUFACTURED HOUSING (KEENE, D)**
Current Status: 2/7/2017 - (H) Referred to Committee House Local Government
State Bill Page: <http://www.lrc.ky.gov/record/17RS/HB137.htm>
KAR Position: Monitor
- HB159 TITLE INSURANCE (ROWLAND, B)**
Current Status: 2/10/2017 - (H) FIRST READING to Consent Calendar

State Bill <http://www.lrc.ky.gov/record/17RS/HB159.htm>
Page:

KAR Position: Monitor

HB218 OFFICIAL DOCUMENTS (RICHARDS, J)

Current Status: 2/9/2017 - (H) Referred to Committee House Local Government

State Bill <http://www.lrc.ky.gov/record/17RS/HB218.htm>
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KAR Position: Monitor

SB109 CONSOLIDATED LOCAL GOVERNMENTS (MCGARVEY, M)

Current Status: 2/8/2017 - (S) Referred to Committee Senate State and Local Government

State Bill <http://www.lrc.ky.gov/record/17RS/SB109.htm>
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KAR Position: Monitor

SB128 ROOFING CONTRACTORS (HORNBACK, P)

Current Status: 2/14/2017 - Senate Licensing, Occupations, and Administrative Regulations, (Bill Scheduled for Hearing)

State Bill <http://www.lrc.ky.gov/record/17RS/SB128.htm>
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KAR Position: Monitor