



January 22, 2018

2018 Legislative Session

While this week began with the Federal Government shut down over stalled budget talks, our state legislators got started on budget talks of their own. Last Tuesday, Governor Matt Bevin presented his Executive Branch budget proposal during his State of the Commonwealth and Budget Address.

The Governor's budget proposal featured 6.25% spending cuts across the board and it eliminated 70 programs across state government, while fully-funding the state's pension obligation. The Executive Branch budget outlines Governor's goals and priorities, but it is ultimately the task of the General Assembly to craft and pass the budget during this legislative session. Your Kentucky REALTORS® Legislative Quick Response Team will be keeping an ear on the budget discussion to make sure homeownership is supported and real property rights are protected.

Meanwhile, the timetable on pension reform remains unclear. Senate President Robert Stivers said he is "now uncertain" about when legislators will commence their work on pension reform legislation. House Speaker Pro Tem David Osborne also expressed uncertainty, but also shared hope that lawmakers will tackle this tough issue before passing the budget.

Article: [Timetable for pension reform 'now uncertain' in Kentucky, says key lawmaker](#)

Helpful Links

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KYR Events and Activities

2018 REALTOR® Hill Visits

Mark your calendars for the 2018 KYR Legislative & Business Meetings February 13th – 15th at the Embassy Suites in Lexington. The Legislative Reception is Wednesday, February 14th from 5:30pm – 8:00pm ET at Buffalo Trace Distillery, 113 Great Buffalo Trace, Frankfort, KY. The Hill Visits are scheduled the morning of Wednesday February 14th. For more information and to register for this event, [click here](#).



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

KYR and the Quick Response Team will keep you up to date on issues during the 2018 Legislative Session. Please contact Pamela Gregory, KYR Governmental Affairs Director, at pgregory@kyrealtors.com if you have questions or comments regarding KYR's legislative activity.

KYR is tracking (either 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, economic development incentives, etc. Below is a complete list of bills that KYR, through the Legislative Quick Response Team, have considered to ensure the protection of the real estate industry and homeownership.

KYR is monitoring the following bills

HB10 CONSTITUTIONAL AMENDMENT (IMES, K) AN ACT proposing to amend Section 29 of the Constitution of Kentucky relating to administrative regulations.

Propose 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; submit to the voters for approval or disapproval; supply ballot language.

Current Status: 1/17/2018 - (H) recommitted to committee House Elections, Constitutional Amendments, and Intergovernmental Affairs

State Bill Page: <http://www.lrc.ky.gov/record/18RS/HB10.htm>

KYR Position: **MONITOR**

HB22 PUBLIC SAFETY (ST. ONGE, D) AN ACT relating to public safety.

Amend KRS 446.010 to define "unmanned aircraft system"; create a new section of KRS Chapter 500 to prescribe permitted and prohibited uses of drones; provide exceptions; prohibit use of evidence obtained by a drone in violation of stated prohibitions; authorize that section to be cited as the "Citizens' Freedom from Unwarranted Surveillance Act"; create a new section of KRS Chapter 501 to clarify criminal liability for offenses committed using a drone; create a new section of KRS Chapter 525 to create the offense of obstructing an emergency responder.

Current Status: 1/18/2018 - received in Senate

State Bill Page: <http://www.lrc.ky.gov/record/18RS/HB22.htm>

KYR Position: **MONITOR**

HB29 TAXATION (WAYNE, J) AN ACT relating to taxation.

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 make a technical correction; amend KRS 141.0205 to recognize and order 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; create a new section of KRS Chapter 141 to provide for a refundable Kentucky earned income tax credit; 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 provisions that allow for recall of certain tax rates and make conforming and technical changes; create a new section of KRS Chapter 141 to provide for a refundable noise mitigation credit; 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, 2018, sales tax provisions are effective for periods beginning on or after October 1, 2018, motor fuels compensation provisions are effective August 1, 2018, and property tax provisions are for assessments on and after January 1, 2019.

Current Status: 1/2/2018 - (H) Referred to Committee House Appropriations and Revenue

State Bill Page: <http://www.lrc.ky.gov/record/18RS/HB29.htm>

KYR Position: **MONITOR**

HB49 PERSONAL JURISDICTION (NEMES, J) AN ACT relating to personal jurisdiction.

Amend KRS 454.210 to expand personal jurisdiction of courts over nonresidents.

Current Status: 1/18/2018 - floor amendment (2) filed to Committee Substitute

State Bill Page: <http://www.lrc.ky.gov/record/18RS/HB49.htm>

KYR Position: **MONITOR**

HB50 OCCUPATIONAL LICENSING REGULATIONS (NEMES, J) AN ACT relating to occupational licensing regulations.

Create new sections of KRS Chapter 12 to define terms; set forth requirements for all occupational licensing regulations established by an agency on or after November 15, 2018; require each agency to conduct a comprehensive review of all occupational licensing regulations under its jurisdiction every five years and to prepare and submit a report of its review to the Legislative Research Commission; establish a process to petition an agency to repeal or modify an occupational licensing regulation; allow a petitioner to appeal an agency's actions or inaction to Circuit Court.

Current Status: 1/5/2018 - (H) reassigned to committee House Licensing, Occupations, and Administrative Regulations
State Bill Page: <http://www.lrc.ky.gov/record/18RS/HB50.htm>
KYR Position: MONITOR

HB79 CONSTITUTIONAL AMENDMENT (KAY II, J) AN ACT proposing an amendment to Section 170 of the Constitution of Kentucky relating to property exempt from taxation. Propose an amendment to Section 170 of the Constitution of Kentucky increasing the homestead exemption from the current inflation-adjusted amount of \$37,600 to the full assessed value of the property for owners with a permanent and total one hundred percent service-connected disability rating by the United States Department of Veterans Affairs; make the exemption transferrable upon death to the surviving spouse; add the continued biennial inflation indexing of the homestead exemption amount; make various typographical changes of a nonsubstantive nature; state ballot question; submit to voters.

Current Status: 1/11/2018 - (H) reassigned to committee House Elections, Constitutional Amendments, and Intergovernmental Affairs
State Bill Page: <http://www.lrc.ky.gov/record/18RS/HB79.htm>
KYR Position: MONITOR

HB87 ANNEXATION (MOFFETT, P) AN ACT relating to annexation and declaring an emergency.

Create a new section of KRS Chapter 81A to allow standing to any person who owns property in a territory to file suit against a city that annexes the territory; retroactive to January 1, 2004; EMERGENCY.

Current Status: 1/4/2018 - (H) Referred to Committee House Local Government
State Bill Page: <http://www.lrc.ky.gov/record/18RS/HB87.htm>
KYR Position: MONITOR

HB89 CONSOLIDATED LOCAL GOVERNMENTS (WAYNE, J) AN ACT relating to planning and zoning in consolidated local governments.

Amend KRS 100.137 to clarify the powers of certain cities within a consolidated local government, regarding home rule powers that do not conflict with the comprehensive plan.

Current Status: 1/4/2018 - (H) Referred to Committee House Local Government
State Bill Page: <http://www.lrc.ky.gov/record/18RS/HB89.htm>
KYR Position: MONITOR

HB90 AIRPORT NOISE MITIGATION (DONOHUE, J) AN ACT relating to tax credits for airport noise mitigation.

Create a new section of KRS Chapter 141 to establish a refundable income tax credit for the costs of mitigating noise from a commercial airport for taxable years beginning on or after January 1, 2018, but before January 1, 2022; amend KRS 131.190 to require certain information to be submitted to the Legislative Research Commission; amend various sections in the Kentucky Revised Statutes to make conforming changes; amend KRS 141.0205 to order the credit.

Current Status: 1/4/2018 - (H) Referred to Committee House Appropriations and Revenue
State Bill Page: <http://www.lrc.ky.gov/record/18RS/HB90.htm>
KYR Position: MONITOR

HB94 REAL PROPERTY TRANSFER (KEENE, D) AN ACT relating to transfer of real property on death.

Create new sections of KRS Chapter 394 to establish the Kentucky Uniform Real Property Transfer on Death Act to codify provisions for the creation, administration, modification, termination, and validity of transfer on death deeds; define terms; specify that a transfer on death deed is not an inter vivos transfer and that transfer occurs at the time of the transferors death; specify that the transferor retains the power to revoke a transfer on death deed; enumerate that a transfer on deed is nontestamentary; establish requirements for a transfer on death deed and specify the process of recording a transfer on death deed; specify that a transfer on death deed is effective without notice to or acceptance by the beneficiary during the transferors lifetime; establish provisions for the revocation of a transfer on death deed by instrument or act; enumerate the effect of a transfer on death deed during transferors life; allow a beneficiary to disclaim all or part of the beneficiarys interests; specify the impact of transfer on death deed on claims when an estate is insufficient; enumerate that a beneficiary of a transfer on death deed may disclaim the property interest in the deed; create the form for creating a transfer on death deed; create the form for revocation of a transfer on death deed; require that the provisions of KRS Chapter 394 be applied and construed so as to promote uniformity; conform to federal requirements related to electronic signatures and records; specify the applicability of KRS Chapter 394 to current law; specify that this Act may be cited as the Uniform Real Property Transfer on Death Act; amend KRS 382.110, 391.360, and 403.190 to conform.

Current Status: 1/4/2018 - (H) Referred to Committee House Judiciary
State Bill Page: <http://www.lrc.ky.gov/record/18RS/HB94.htm>
KYR Position: MONITOR

HB100 BUILDING INDUSTRY LICENSURE (BECHLER, L) AN ACT relating to building industry licensure.

Amend KRS 198B.650 to revise the definitions of "maintenance person or maintenance engineer," "major repair," and "routine maintenance of heating, ventilation, or air conditioning"; amend KRS 198B.658 to change the experience requirement from five years to two years for a master, and from four years to two years for a journeyman; amend KRS 198B.678 to permit a master HVAC contractor to represent more than one firm if specified criteria are met; create a new section of KRS 198B.650 to 198B.689 to require the department to grant a 180-day interim period to allow a company to use the license of a deceased master HVAC contractor; amend KRS 318.054 to require the department to grant a 180-day interim period to allow a company to use the license of a deceased master plumber; amend KRS 227.480 to require the department to grant a 180-day interim period to allow a company to use the license of a deceased electrical contractor; amend KRS 227A.140 to require the department to grant a 180-day interim period to allow a business to use the license of a deceased master electrician.

Current Status: 1/5/2018 - (H) posted in committee House Licensing, Occupations, and Administrative Regulations
State Bill Page: <http://www.lrc.ky.gov/record/18RS/HB100.htm>

KYR Position: MONITOR

HB130 ADMINISTRATIVE REGULATIONS (UPCHURCH, K) AN ACT relating to administrative regulations.

Create a new section of KRS 13A.290 to 13A.335 to 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; include prominent text on the first page of the report outlining potential legislative options; amend KRS 13A.290, 13A.330, and 13A.331 to allow a committee to take action on an administrative regulation within 60 days of LRC referral.

Current Status: 1/18/2018 - (H) FIRST READING w/HCS 1, to Regular Calendar
State Bill Page: <http://www.lrc.ky.gov/record/18RS/HB130.htm>
KYR Position: MONITOR

HB138 BOARDS OF ADJUSTMENTS (KOENIG, A) AN ACT relating to boards of adjustments.

Amend KRS 100.217, relating to planning and zoning boards of adjustment, to allow for a joint board of adjustment to be appointed, and set out its membership parameters.

Current Status: 1/17/2018 - (H) posted in committee House Local Government
State Bill Page: <http://www.lrc.ky.gov/record/18RS/HB138.htm>
KYR Position: MONITOR

HB154 ADMINISTRATIVE REGULATIONS (WELLS, W) AN ACT relating to administrative regulations.

Amend KRS 13A.290 to require the administrative regulations compiler to compile a list of administrative regulations considered during the year, including their disposition; require the co-chairs of the Administrative Regulation Review Subcommittee to file the list of regulations as a simple resolution in their respective chambers; allow members to object to any resolution on the list; require the Legislative Research Commission to refer administrative regulations removed from the list to the interim joint committee with jurisdiction over the administrative regulation for additional consideration.

Current Status: 1/10/2018 - (H) Referred to Committee House State Government
State Bill Page: <http://www.lrc.ky.gov/record/18RS/HB154.htm>
KYR Position: MONITOR

HB200 EXECUTIVE BRANCH BUDGET (RUDY, S) AN ACT relating to appropriations and revenue measures providing financing and conditions for the operations, maintenance, support, and functioning of the government of the Commonwealth of Kentucky and its various officers, cabinets, departments, boards, commissions, institutions, subdivisions, agencies, and other state-supported activities.

The State/Executive Branch Budget: Detail Part I, Operating Budget; appropriate to General Government: 2017-2018: \$7,018,500, 2018-2019: \$1,704,291,300, 2019-2020: \$1,655,441,200; appropriate to the Economic Development Cabinet: 2018-2019: \$31,672,600, 2019-2020:

\$32,384,800; appropriate to the Department of Education: 2018-2019: \$4,885,519,300, 2019-2020: \$4,885,920,600; appropriate to the Education and Workforce Development Cabinet: 2018-2019: \$630,653,700, 2019-2020: \$635,306,400; appropriate to the Energy and Environment Cabinet: 2018-2019: \$272,522,400, 2019-2020: \$280,337,000; appropriate to the Finance and Administration Cabinet: 2018-2019: \$932,955,700, 2019-2020: \$962,132,700; appropriate to the Health and Family Services Cabinet: 2017-2018: \$12,064,200, 2018-2019: \$13,902,025,100, 2019-2020: \$14,153,724,700; appropriate to the Justice and Public Safety Cabinet: 2017-2018: \$22,281,300, 2018-2019: \$1,279,407,200, 2019-2020: \$1,315,928,100; appropriate to the Labor Cabinet: 2018-2019: \$221,768,700, 2019-2020: \$221,427,400; appropriate to the Personnel Cabinet: 2018-2019: \$66,174,600, 2019-2020: \$66,486,800; appropriate to Postsecondary Education: 2018-2019: \$7,834,090,600, 2019-2020: \$8,200,114,600; appropriate to the Public Protection Cabinet: 2018-2019: \$123,723,400, 2019-2020: \$122,273,100; appropriate to the Tourism, Arts and Heritage Cabinet: 2017-2018: \$8,831,600, 2018-2019: \$258,238,600, 2019-2020: \$261,409,800; appropriate to the Budget Reserve Trust Fund: 2018-2019: \$62,414,100, 2019-2020: \$183,378,000; not included in the appropriation amounts are capital project amounts as follows: 2017-2018 \$16,500,000, 2018-2019: \$2,804,425,500, 2019-2020: \$342,579,500; detail Part II, Capital Projects Budget; detail Part III, General Provisions; detail Part IV, State Salary/Compensation, Benefit, and Employment Policy; detail Part V, Funds Transfer; detail Part VI, General Fund Budget Reduction Plan; detail Part VII, General Fund Surplus Expenditure Plan; detail Part VIII, Road Fund Budget Reduction Plan; detail Part IX, Road Fund Surplus Expenditure Plan; detail Part X, Phase I Tobacco Settlement; and detail Part XI, Executive Branch Budget Summary.

Current Status: 1/18/2018 - (H) Referred to Committee House Appropriations and Revenue

State Bill Page: <http://www.lrc.ky.gov/record/18RS/HB200.htm>

KYR Position: MONITOR

HB217 HOME INSPECTIONS (BRATCHER, K) AN ACT relating to home inspections.

Create a new section of KRS Chapter 367 to require home inspectors to be granted access to all areas of a home when conducting an inspection; provide appeal to the Board of Home Inspectors'; require the inspector to notify all realtors involved in the transaction if access is denied; impose a fine not to exceed \$500; stipulate that denial of reasonable access to a home inspector is grounds for termination of an offer to buy without recourse against the offeror.

Current Status: 1/18/2018 - Introduced

State Bill Page: <http://www.lrc.ky.gov/record/18RS/HB217.htm>

KYR Position: MONITOR

SB2 CONSTITUTIONAL AMENDMENT (ALVARADO, R) AN ACT proposing an amendment to section 54 of the Constitution of Kentucky.

Propose amendment to Section 54 of the Constitution of Kentucky to allow the General Assembly the power to limit damages for injuries resulting in death or for injuries to persons or property, and to provide a uniform statute of limitations; provide for submission to the voters.

Current Status: 1/3/2018 - (S) Referred to Committee Senate State and Local Government

State Bill Page: <http://www.lrc.ky.gov/record/18RS/SB2.htm>

KYR Position: MONITOR

SB4 CONSTITUTIONAL AMENDMENT (MCDANIEL, C) AN ACT proposing to amend Section 95 of the Constitution of Kentucky relating to the election of state officers.

Propose 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, Labor and Statistics in even-numbered years, every four years, beginning in 2024; provide transitional calendar; submit to the voters for ratification or rejection. Provide ballot language.

Current Status: 1/18/2018 - (H) Referred to Committee House Elections, Constitutional Amendments, and Intergovernmental Affairs
State Bill Page: <http://www.lrc.ky.gov/record/18RS/SB4.htm>
KYR Position: MONITOR

SB40 CONSTITUTIONAL AMENDMENT (KERR, A) AN ACT proposing an amendment to Section 170 of the Constitution of Kentucky relating to property exempt from taxation.

Propose an amendment to Section 170 of the Constitution of Kentucky increasing the homestead exemption from the current inflation-adjusted amount of \$37,600 to the full assessed value of the property for owners with a permanent and total one hundred percent service-connected disability rating by the United States Department of Veterans Affairs; make the exemption transferrable upon the veteran's death to the surviving spouse; add the continued biennial inflation indexing of the homestead exemption amount; make various typographical changes of a non substantive nature; state ballot question; submit to voters.

Current Status: 1/3/2018 - (S) Referred to Committee Senate State and Local Government
State Bill Page: <http://www.lrc.ky.gov/record/18RS/SB40.htm>
KYR Position: MONITOR

SB78 ELECTRICIANS (WESTERFIELD, W) AN ACT relating to electricians.

Amend KRS 227A.060 to require the Department of Housing, Buildings and Construction to administer its electrician licensing examination; allow an applicant to sit for the electrician licensing examination if the applicant has four years of experience or two years of experience plus an acceptable training course in electrical work; create a nonrenewable two-year provisional electrician license; require an applicant for a provisional license to have at least six years of verifiable experience since age 16; establish how a provisional license holder may become a licensed electrician; allow a former provisional license holder to apply for regular licensure as an electrician.

Current Status: 1/16/2018 - (S) Referred to Committee Senate Licensing, Occupations, and Administrative Regulations
State Bill Page: <http://www.lrc.ky.gov/record/18RS/SB78.htm>
KYR Position: MONITOR

SB85 NOTARIES PUBLIC (WESTERFIELD, W) AN ACT relating to notaries public.

Create a new section of KRS Chapter 423 to provide that the Secretary of State shall issue a new certificate reflecting a notary's change of name upon receipt of an application and proper documentation.

Current Status: 1/18/2018 - (S) Referred to Committee Senate State and Local Government

State Bill Page: <http://www.lrc.ky.gov/record/18RS/SB85.htm>

KYR Position: MONITOR