



April 29, 2020

LEGISLATIVE REPORT NO. 15 – FINAL REPORT
SUMMARY OF LEGISLATIVE ACTIVITIES DURING THE
2020 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, passed broadband deployment legislation, and also protected our taxation policy. The bills that were passed during this regular session will become effective on July 15, 2020. Legislation containing an emergency clause became effective upon Governor Beshear’s signature.

This year is a Presidential election year and also on the ballot are all one hundred state house seats, nineteen state senate seats, all six congressional seats, and a United States senate seat. As a reminder, Kentucky’s rescheduled primary election day will be held Tuesday, June 23. An Executive Order by Governor Beshear will allow mail in ballots and in person absentee voting beginning Monday, June 8. To view the entire Executive Order [click here](#).

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.

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

State Budget Bill

Due to the COVID-19 pandemic and future state revenue uncertainties, the Kentucky General Assembly passed a one-year state budget ([HB 352](#)) on Wednesday, April 1. The House vote was 80-10 and the Senate vote was 34-0. On Monday, April 13, Governor Beshear line-item vetoed several items in the budget. On Wednesday, April 15 the House voted 57-33 and the Senate voted 27-7 to override these vetoes.

Below are the highlights of the state budget:

- Total appropriation for the Governor's Office of Agricultural Policy is \$34.6 million.
- County accounts will receive \$14.2 million.
- Soil Erosion and Water Quality Cost-Share program will receive \$2.4 million.
- \$907,300 for the Division of Conservation to provide direct aid to local conservation districts.
- UK Veterinary Diagnostic Lab and Division of Regulatory Services \$5.8 million.
- Breathitt Veterinary Center \$3.2 million.
- \$750,000 to Western Kentucky University for the Kentucky Mesonet.
- Adult Agriculture Program \$1 million.
- Kentucky Rural Mental Health and Suicide Prevention Pilot Program \$500,000.
- Kentucky Department of Agriculture will receive \$16.8 million of general fund dollars.
- \$500,000 for the Farms to Food Banks program.
- \$300,000 to the Local Agricultural Fair Aid Program.

2020 KFB 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 the 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."

KFB Policy:

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

State Revenue Bill

On Wednesday, April 1, the Kentucky General Assembly also passed HB 351, the state revenue bill. The House vote was 68-22 and the Senate vote was 20-8. On April 13, Governor Beshear vetoed [HB 351](#). On April 15, the House voted 57-32 and the Senate voted 24-9 to override the veto.

Here are the major provisions of HB 351:

- Places in statute the guidelines for applying for the Selling Farmers Tax Credit.
- Clarifies language to allow for a full credit of \$100,000 when utilizing the Section 179 tax credit.
- Establishes a 15% tax on the actual vaping systems for which the distributor sells the open vaping system and a \$1.50 tax per vapor cartridge.

BILLS FARM BUREAU SUPPORTED THAT PASSED

[HB 362: P. Pratt - AN ACT relating to broadband deployment.](#)

This bill will add definitions of "broadband", "broadband deployment fund," "broadband deployment project," "broadband deployment project area," "unserved area," and "underserved area". It will also clarify that the broadband deployment fund will be used to provide assistance to construct infrastructure for deployment of broadband service to underserved and unserved areas of the Commonwealth.

2020 KFB Priority Issues:

"Support efforts and incentives to improve and provide all telecommunications in rural Kentucky."

"Support broadband and high speed internet service being available for the benefit of all Kentuckians."

HB 214: J. Tipton - AN ACT relating to the Veterinary Contract Spaces Program and making an appropriation therefor.

This bill will establish the Veterinary Contract Spaces Program and require the Kentucky Higher Education Authority to purchase enrollment spaces annually for Kentucky students at participating veterinary schools.

KFB Policy:

"We support additional funding to ensure that any veterinarian student vacancies offered by our affiliated colleges of veterinary medicine are filled with Kentucky students."

HB 369: D. Hale - AN ACT relating to cervid meat disposal.

This bill will require cervid meat processors, butchers and taxidermists to dispose of unused cervid meat, waste or unused material in limited ways; such as burying the carcass, taking it to a duly licensed rendering facility or to an approved landfill.

KFB Policy:

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

HB 420: K. King - AN ACT relating to food safety.

This bill will direct the Department of Agriculture to implement the Food Safety Modernization Act. It defines terms, establishes exemptions for covered produce and covered farms and authorizes a department representative to enter a covered farm or farm eligible for inspection. It also will authorize a department representative to issue a stop movement order for covered produce.

KFB Policy:

"We support KDA as the Commonwealth's primary agency for implementation of the produce safety rule of the Food Safety Modernization Act."

SB 2: R. Mills – AN ACT relating to voter identification and making an appropriation therefor.

This bill will, starting with the November election, ensure a voter must produce a photo ID when voting, with limited exceptions. A voter who owns a photo ID but is not in possession of such ID, can vote by provisional ballot and later produce a photo ID so that the provisional ballot cast will be counted. If a poll worker recognizes the voter, the voter may vote if the poll workers executes a written affirmation of personal recognition. The bill will also provide for persons without a

photo ID to obtain one at no cost, and if the voter still cannot obtain a photo ID because of a hardship, the voter may vote regardless by showing a non-photo ID and signing a "reasonable impediment" affidavit.

KFB Policy:

"We support all registered voters showing photo identification when reporting to the polling place to receive a ballot."

SB 5: R. Alvarado - AN ACT relating to special purpose governmental entities.

This bill will require proposed increases in ad valorem taxes and 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. This bill will also include the provision that will allow the legislative body of the county or city, the option to lower a proposed rate if it exceeds the compensating rate.

KFB Policy:

"We recommend that only elected officials have the authority to increase or create new taxes. In addition, we strongly urge all entities with the ability to increase taxes to be accountable for the expenditures of tax dollars to the citizens."

"We support allowing fiscal courts the flexibility to lower a tax rate submitted by a special taxing district."

SB 94: P. Hornback - AN ACT relating to motor fuel.

This bill will increase the allowable amount of ethanol in motor fuel from the current 10% to 15%. This language will align state law/regulations with what is allowed under federal law/regulations.

KFB Policy:

"We support updating all state statutes and regulations to comply with federal guidelines relative to motor fuel use when approved by federal statute and/or regulation."

SB 148: D. Givens - AN ACT relating to the registration of farmers for sales and use tax exemption purposes.

This bill will require persons engaged in farming to obtain an agriculture exemption number to claim an exemption from sales and use tax. It will also require the Department of Revenue to develop a searchable database for sellers and retailers to verify the agriculture exemption number if the purchaser cannot produce documentation of the agriculture exemption number at the time of sale. On or before April 1, 2021, the revenue department shall develop an application

form for the agriculture exemption number and procedures by which the application form may be submitted either electronically or by paper filing no later than January 1, 2022.

KFB Policy:

"We support a card identification system for qualified farmers for sales and use tax exemptions."

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 416: L. Willner – AN ACT relating to taxation.](#)

This bill would have proposed to freeze the state property tax rate at 12.2 cents per \$100.

2020 KFB Priority Issue:

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

[HB 456: M. Dossett - AN ACT relating to the operation of a motor vehicle.](#)

This bill would have allowed the Transportation Cabinet to prohibit vehicles with more than six wheels to travel in certain lanes while 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."

[SB 25: D. Thayer – AN ACT relating to reorganization.](#)

This bill would have removed the Agricultural Development Board and the Kentucky Agricultural Finance Corporation from the Office of the Governor and moved them to the Kentucky Department of Agriculture.

KFB Policy:

"We recommend that the Agriculture Development Board funding (50% of Master Settlement Agreement Phase I) and structure be made a permanent part of state government and the current, operational structure remain in the Governor's Office of Agricultural Policy."

BILLS FARM BUREAU SUPPORTED THAT DID NOT PASS

HB 19: B. Rowland – AN ACT relating to time.

This bill would have adopted year-round daylight saving time in the state of Kentucky, if authorized by the United States Congress.

KFB Policy:

"We recommend daylight saving time be retained year-round."

HB 32: J. Miller – AN ACT relating to the taxation of tobacco products.

This bill would have defined and established an excise tax on vaping devices and vaping cartridges. The bill would have also established a COVID-19 task force to be appointed by the Speaker of the House and President of the Senate to create a plan to reopen businesses in Kentucky following their closures due to the Coronavirus. While this individual bill did not pass, the language enacting taxation on vaping products went into HB 351, the state revenue bill.

KFB Policy:

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

HB 158: B. Wheatley – AN ACT relating to flavored vapor products.

This bill would have established definitions for "flavored vapor product" and "characterizing flavor" and created a new section of KRS 438.305 to 438.340 to ban the sale, purchase, and distribution of flavored vapor products in the Commonwealth including online transactions. The bill would have established fines for violations.

KFB Policy:

"We oppose all online sales of vaping products."

HB 202: D. Lewis – AN ACT relating to controlled substance prescription pill counts for pain management facility patients.

This bill would have required pain management facilities to require patients prescribed controlled substances to report for pill counts every 3 months and required the pain management facility to report on pill counts to the electronic system for monitoring controlled substances.

KFB Policy:

"We strongly support pain management clinics be subject to increased regulatory scrutiny."

HB 273: R. Heath – AN ACT relating to the establishment of a tax credit to promote investments in Kentucky businesses.

This bill would have established the growth fund tax credit and established an application and approval process for investment in growth businesses by a growth fund and verification related to the new tax credit. This Act would have been cited as the Kentucky Rural Jobs Act of 2020.

2020 KFB Priority Issue:

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

HB 301: J. DuPlessis – AN ACT relating to financial literacy.

This bill would have required successful completion of a one-half credit course on financial literacy as a requirement for high school graduation.

KFB Policy:

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

SB 7: J. Schickel – 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 would have proposed to reduce the number of teachers to two members. If the membership of the council increased, it would have only been 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 81: M. Castlen - AN ACT relating to milk marketing.

This bill would have prohibited a food product to be labeled as milk, unless it meets the definition of milk. The bill would have also required the Department of Agriculture to establish and implement a plan to enforce these provisions.

KFB Policy:

"We oppose inaccurate or misleading labeling of all dairy products."

SB 117: D. Givens - AN ACT relating to sales and use tax.

This bill would have exempted drugs and over-the-counter drugs that are purchased by a farmer and used in the treatment of certain farm

animals. It would have applied to sales made after August 1, 2020, but before August 1, 2024.

KFB Policy:

"We recommend that all farm production items and services including veterinary medicine and vaccines, electricity, sawdust and wood shavings, all livestock and poultry bedding, LP gas, and natural gas be exempt from sales and use tax."

OTHER BILLS OF INTEREST THAT PASSED

[HB 59: B. Reed – AN ACT relating to farmer suicide prevention and awareness.](#)

This bill will designate the Wednesday of National Farm Safety Week, which is the third week of September, as "Farmer Suicide Prevention Day".

[HB 236: M. Koch – AN ACT relating to hemp and declaring an emergency.](#)

This bill will allow the Kentucky Department of Agriculture to establish hemp testing procedures and set forth requirements for the transportation of hemp or hemp products to more closely align with federal law and regulations.

[HB 238: M. Koch – AN ACT relating to the deputy and state veterinarian and declaring an emergency.](#)

This bill will remove the residency requirement for the state veterinarian and deputy state veterinarian and allow the Kentucky Department of Agriculture to do nationwide searches for these two positions.

[HB 453: S. Santoro – AN ACT relating to identity documents, making an appropriation therefor, and declaring an emergency.](#)

This bill will make the Transportation Cabinet the sole application and issuance entity for operator's licenses and personal identification cards and eliminate the requirements that these documents be applied for in the county of residence and expands the list of documents an applicant can use when applying for a voluntary travel ID. This bill will also allow circuit clerk offices to continue issuing standard identity credentials until the Transportation Cabinet determines that a cabinet regional office can assume those duties and the bill requires all circuit clerks' offices to stop issuing operator's licenses and personal ID cards by June 30, 2022. This bill will set forth a distribution schedule for licenses and ID card fees for these documents that are applied for with the Transportation Cabinet and require Transportation Cabinet mobile

units to visit counties without a cabinet licensing office a minimum number of times per year, based on population size.

SB 21: C. Embry Jr. – AN ACT relating to veterinarians.

This bill will allow veterinarians with a veterinarian-client-patient relationship to report suspected abuse of livestock to the Office of the State Veterinarian for any animal for which an on-farm livestock or poultry care standard has been established.

SB 56: R. Alvarado – AN ACT relating to the sale of tobacco, alternative nicotine, and vapor products and declaring an emergency.

This bill will prohibit the sale of tobacco, alternative nicotine, or vapor products to persons under the age of 21 and will make it unlawful for persons under 21 to buy tobacco, alternative nicotine, or vapor products.

SB 150: R. Alvarado – AN ACT relating to the state of emergency in response to COVID-19 and declaring an emergency.

This bill temporarily suspends the requirement to obtain the Farmer-Related/Restricted CDL for the employees of farm retail outlets, farm retail suppliers, agri-chemical businesses, custom harvesters, and livestock feeders. The bill will require the Department of Revenue to adhere to any declarations or changes in tax filing and payment requirements provided by the U.S. Treasury Department or the Internal Revenue Service, including an extension of time to file a return or report and an extension of time to pay any tax due with that return or report, without the imposition of penalty or interest. The bill will also provide that a tax district may suspend or otherwise extend the applicable deadline for the filing of returns for taxable net profits or taxable gross receipts of businesses within the tax district during the state of emergency.

SB 184: P. Hornback - AN ACT relating to grain.

This bill will allow the State Board of Agriculture to request either a review engagement report or an audit and written report issued by an independent certified accountant rather than mandating an annual audited financial statement from the licensee. A grain dealer license applicant whose total annual purchases in each of the last three years did not exceed fifty thousand bushels shall be exempt from the requirement when applying for a license.

OTHER BILLS OF INTEREST THAT DID NOT PASS

HB 234: G. Brown Jr. – AN ACT relating to plant-based food options in hospitals.

This bill would have required hospitals that provide inpatient or residential care to offer patients a plant-based food option for every meal or snack, at the request of a patient or patient's lawful representative, at no additional cost to the patient.

HB 365: M. Hart – AN ACT relating to fertilizer and pesticide use and application.

This bill would have updated the Kentucky Department of Agriculture's pesticide application law, including increasing the fees for commercial applicators, dealers and retailers to obtain a license.

HB 475: M. Meredith – AN ACT proposing an amendment to Section 181 of the Constitution of Kentucky relating to the General Assembly's authority over local revenue options.

This bill would have proposed to amend Section 181 of the Constitution of Kentucky to permit the General Assembly to authorize a county, city, town, or municipal corporation to assess and collect local taxes and fees that are not otherwise in conflict with the Constitution. The bill would have provided a ballot question with proposed amendment to submit to the voters of Kentucky for ratification or rejection. Any item, such as agricultural inputs, that are exempt at the state level would have also been exempt from taxation at the local level.

HB 506: M. Hart – AN ACT relating to hemp.

This bill would have exempted combustible hemp products from the definition of marijuana and amended current hemp statutes to allow a licensee to process, handle, or market combustible hemp products. The bill would have also exempted any person in possession, custody, or control of combustible hemp products from the penalties applicable to those persons who violate provisions under the Controlled Substance Act.

HB 511: S. Heavrin – AN ACT relating to the donation of game meat.

This bill would have prohibited state and local government entities from restricting the donation of game meat to or from cooperative extension agencies for the purpose of free meal distribution.

HB 591: J. Graviss – AN ACT relating to soil conservation and making an appropriation therefor.

This bill would have established a Healthy Soils Program and a Healthy Soils Program fund in the Department for Natural Resources, Division of Conservation. The bill would have also required the Agriculture Water Quality Authority to promote soil restoration and include an organic agriculture organization among appointments to the authority and add healthy soil practices as a committee.

HB 593: J. Graviss - AN ACT relating to cannabidiol products.

This bill would have required hemp processors to provide a third-party test to ensure the quality of finalized hemp products, such as CBD oils and creams. The bill would have also required those companies to place a QR code on the bottle as a labeling requirement.

SB 75: P. Wheeler – 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 required those units to pay an annual registration fee and purchase insurance if operating on a roadway. The bill would have provided for specific exemptions, which included if the off-highway vehicle was being used for agriculture purposes.