



Andy Beshear
GOVERNOR

**FINANCE AND ADMINISTRATION CABINET
DEPARTMENT OF REVENUE
OFFICE OF TAX POLICY AND REGULATION**

501 High Street, Station 1
Frankfort, Kentucky 40601
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Thomas B. Miller
COMMISSIONER

Gary Morris
EXECUTIVE DIRECTOR

July 6, 2026

TO: Senator Stephen West
Representative Derek Lewis
Legislative Research Commission
083, Capital Annex
702 Capitol Avenue
Frankfort, KY 40601

Dear Co-Chairs:

After consideration of the issues raised by 103 KAR 43:341E, the Department of Revenue proposes the attached suggested amendment to this emergency regulation.

Sincerely,

Gary C. Morris, Executive Director
Office of Tax Policy and Regulation
501 High Street, Station 1
Frankfort, KY 40601
Gary.Morris@ky.gov

**FINAL, JULY 6, 2026
SUGGESTED SUBSTITUTE**

**FINANCE AND ADMINISTRATION
Department of Revenue**

103 KAR 43:341E. Excise taxes on gasoline and special fuels; average wholesale price of gasoline and annual survey value.

EFFECTIVE: May 5, 2026

RELATES TO: KRS 131.020, ~~131.130, 138.210, 138.220, 138.226, 138.228, 138.290~~

STATUTORY AUTHORITY: KRS 11.065, ~~12.020, 12.040, 12.050, 12.250, 12.270, 42.012, 45.301, 131.020, 131.130, 138.210, 138.220, 138.226, 138.228~~

NECESSITY, FUNCTION, AND CONFORMITY: KRS 138.226 ~~requires~~provides that the Department of Revenue ~~to~~shall administer the taxes provided under KRS 138.210 to 138.490 and authorizes the Department of Revenue to prescribe and adopt administrative regulations relating to the administration of those taxes. The department determines and adjusts the average wholesale price of gasoline rounded to the nearest one-tenth of one cent (\$0.001) used for calculating the excises taxes imposed under KRS 138.220 to be paid by a dealer receiving gasoline or special fuel. This emergency administrative regulation establishes the average wholesale price of gasoline as determined by the department effective July 1, 2026, and is being promulgated ~~in order~~ to meet an imminent threat to the public health, safety, or welfare.

Section 1. Definitions.

- (1) "Annual survey value" ~~is defined by [has the same meaning as provided under]~~ KRS 138.210(3)
- (2) "Average wholesale price" ~~is defined by [has the same meaning as provided under]~~ KRS 138.210(4).
- (3) "Dealer" ~~is defined by [has the same meaning as provided under]~~ KRS 138.210(6).
- (4) "Gasoline" ~~is defined by [has the same meaning as provided under]~~ KRS 138.210(11).
- (5) "Received" ~~is defined by [has the same meaning as provided under]~~ KRS 138.210(15).
- (6) "Special fuels" ~~is defined by [has the same meaning as provided under]~~ KRS 138.210(18).

Section 2. Average Wholesale Price of Gasoline and Annual Survey Value. Effective July 1, 2026, the average wholesale price of gasoline and the annual survey value under KRS 138.228 shall be two dollars and twenty-two and seven-tenths cents (\$2.227) per gallon, which is the average wholesale price of gasoline and the annual survey value for fiscal year 2025-2026.

Section 3. Excise Taxes on Gasoline. Effective July 1, 2026, the excise tax imposed under KRS 138.220 on gasoline, including liquified petroleum, received in this State shall be twenty cents (\$0.20) per gallon, which is the excise tax on gasoline, including liquified petroleum in effect during fiscal year 2025-2026. When combined with the five cents (\$0.05) per gallon supplemental highway user motor fuel tax and the one point four cents (\$0.014) per gallon petroleum

environmental assurance fee, the total state tax on gasoline is twenty-six and four-tenths cents (\$0.264) per gallon.

Section 4. Excise Taxes on Diesel Fuel and Other Special Fuel. Effective July 1, 2026, the excise tax imposed under KRS 138.220 on special fuel received in this State shall be twenty cents (\$0.20) per gallon, which is the excise tax on special fuel in effect during fiscal year 2025-2026 during fiscal year 2025-2026. When combined with the two cents (\$0.02) per gallon supplemental highway user motor fuel tax and the one point four cents (\$0.014) per gallon petroleum environmental assurance fee, the total state tax on special fuel is twenty-three ~~[cents-]~~and four-tenths cents (\$0.234) per gallon.

Section 5. Relief from Penalties. ~~A[No]~~ dealer shall ***not*** be found in violation of the reporting requirements under KRS 138.240 to 138.260, or subject to the civil penalties imposed under KRS 138.290, for computing and reporting the gasoline and special fuel tax and supplemental highway user motor fuel tax imposed under KRS 138.220 in accordance with this ***administrative*** regulation.

Section 6. This emergency administrative regulation shall last until the end of the Iran war or when gas prices drop below ***three (3) dollars***~~[\$3.00]~~ per gallon, whichever occurs later in time, ***or in accordance with KRS 13A.190(4)(a).***



KENTUCKY PUBLIC PENSIONS AUTHORITY

Ryan Barrow, Executive Director

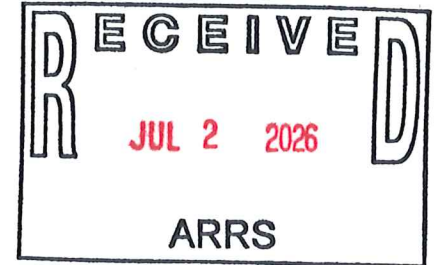
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Kentucky Public
Pensions Authority

July 1, 2026

Senator Stephen West
Representative Derek Lewis
Administrative Regulations Review Subcommittee
Legislative Research Commission
083, Capitol Annex
702 Capitol Avenue
Frankfort, KY 40601



RE 105 KAR 1:001

Dear Co-Chairs,

After discussion with the Administrative Regulation Review Subcommittee staff of issues raised by 105 KAR 1:001, the Kentucky Public Pensions Authority accepts the attached proposed staff suggested amendment.

Sincerely,

A handwritten signature in blue ink, appearing to read "Carole Catalfo".

Carole Catalfo, Public Policy Specialist
Kentucky Public Pensions Authority
1260 Louisville Rd.
Frankfort, KY 40601

Final, 6-16-2026

SUGGESTED SUBSTITUTE

**FINANCE AND ADMINISTRATION CABINET
Kentucky Public Pensions Authority**

105 KAR 1:001. Definitions for KAR Title 105.~~[105 KAR Chapter 1.]~~

RELATES TO: KRS 16.505 - 16.652, 61.510 - 61.705, 78.510 - 78.852

STATUTORY AUTHORITY: KRS 61.505(1)(g)

CERTIFICATION STATEMENT: This is to certify that this administrative regulation complies with KRS 13A.150(2) because it does not have a major economic impact.

NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(1)(g) authorizes the Kentucky Public Pension Authority on behalf of the Kentucky Retirement Systems and the County Employees Retirement System to promulgate administrative regulations that are consistent with the provisions of KRS 16.505 through 16.652, 61.505, 61.510 through 61.705, and 78.510 through 78.852. This administrative regulation establishes definitions for terms used in KAR Title 105~~[KAR Chapter 1.]~~.

Section 1. Definitions. The following definitions shall apply to KAR Title 105~~[KAR Chapter 1.]~~ unless otherwise required by context or otherwise defined in a specific administrative regulation:

(1) "AAC" means:

(a) Prior to April 1, 2021, the Administrative Appeals Committee of the Board of Trustees of the Kentucky Retirement Systems; and

(b) Beginning April 1, 2021, the separate or joint Administrative Appeals Committees of the Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of the County Employees Retirement System in accordance with KRS 61.645(16) and 78.782(16).

(2) "Accumulated account balance" is defined by KRS 16.505(40), 61.510(41), and 78.510(38).

(3) "Accumulated contributions" is defined by KRS 16.505(7), 61.510(12), and 78.510(12).

(4) "Accumulated employer credit" is defined by KRS 16.505(39), 61.510(40), and 78.510(37).

(5) "Act in line of duty" or "in line of duty" is defined by KRS 16.505(19) and 78.510(48).

(6) "Active member" means a member who is participating in the systems.

(7) "Actuarial equivalent" is defined by KRS 16.505(13), 61.510(17), and 78.510(17).

(8) "Agency" means:

(a) Prior to April 1, 2021, the Kentucky Retirement Systems, which administered the State Police Retirement System, the Kentucky Employees Retirement System, and the County Employees Retirement System; and

(b) Beginning April 1, 2021, the Kentucky Public Pensions Authority, which is authorized to carry out the day-to-day administrative needs of the Kentucky Retirement Systems (comprised of the State Police Retirement System and the Kentucky Employees Retirement System) and the County Employees Retirement System.

(9) "Agency reporting official" is defined by KRS 78.510(20).

(10) "Alternate payee" is defined by KRS 16.505(38), 61.510(39), and 78.510(36).

(11) "Authorized leave of absence" is defined by KRS 16.505(14).

(12) "Beneficiary" is defined by KRS 16.505(25), 61.510(26), and 78.510(25).

(13) "Boards" means the Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of the County Employees Retirement System.

(14) "Bona fide promotion or career advancement" means:

(a) The definition provided in KRS 61.598(1) and 78.545(22); and

(b) Any increases in creditable compensation for all employees in a specified class due to an increase in rate of pay authorized or funded by the legislative or administrative body of the employer, or due to an increase in rate of pay mandated in a collective bargaining agreement approved by the legislative body of the employer.

(15) "Career threshold" is defined by KRS 61.702(4)(e).9.a. and 78.5536(4)(e)9.a.

(16) "County" is defined by KRS 78.510(3).

(17) "Creditable compensation" is defined by KRS 16.505(8), 61.510(13), and 78.510(13).

(18) "Current rate of pay" is defined by KRS 16.505(24), 61.510(25), and 78.510(24).

(19) "Current service" is defined by KRS 16.505(4), 61.510(10), and 78.510(10).

(20) "DAC" means:

(a) Prior to April 1, 2021, the Disability Appeals Committee of the Board of Trustees of the Kentucky Retirement Systems; and

(b) Beginning April 1, 2021, the separate or joint Disability Appeals Committees of the Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of the County Employees Retirement System in accordance with KRS 61.665(4) and 78.545(11).

(21) "Department" is defined by KRS 61.510(3).

(22) "Dependent child" is defined by KRS 16.505(17) and 78.510(49).

(23) "Disability retirement date" is defined by KRS 16.505(16), 61.590(5)(b), and 78.510(51).

(24) "Duty-related injury" is defined by KRS 61.621(2) and 78.545(20).

(25) "Early retirement date" is defined by KRS 16.505(20), 61.590(5)(c), and 78.545(4).

(26) "Employee" is defined by KRS 61.510(5) and 78.510(6).

(27) "Employer" is defined by KRS 16.505(3), 61.510(6), and 78.510(7).

(28) "Employer's effective cessation date" is defined by KRS 61.522(1)(c) and 78.535(1)(c).

(29) "End of day" means:

(a) 11:59 p.m. Eastern Time, on the date referenced; and

(b) **No later than 11:59 p.m. Eastern Time on the next business day** If the date referenced falls on a Saturday, Sunday, a public holiday listed in KRS 2.110, a day on which the retirement office is actually and legally closed, or any other state or federal holiday that disrupts mail service~~], then the time period shall be met if the application, documentation, form, notice, or other requested or required information is filed or submitted no later than 11:59 p.m. Eastern Time on the next business day following the weekend, holiday, or date of closure].~~

(30) "Examiner" means the medical examiners~~as~~ established in KRS 61.665 and 78.545(11).

(31) "File" means a form or document has been received at the retirement office by mail, fax, secure email, in-person delivery, or via Self-Service on the website~~Web site~~ maintained by the agency~~[(if available)]~~.

(32) "Final compensation" is defined by KRS 16.505(9), 61.510(14), and 78.510(14).

(33) "Final rate of pay" is defined by KRS 16.505(10), 61.510(15), and 78.510(15).

(34) "Fiscal year" is defined by KRS 16.505(32), 61.510(19), and 78.510(19).

(35) "Full-time student" means a person enrolled in:

(a) A postsecondary program of study that meets the full-time student requirements of the institution in which he or she is enrolled;

(b) A continuing education or training program that meets the full-time requirements of the program or institution in which he or she is enrolled; or

(c) High school or a GED program that meets the full-time student requirements of the program or institution in which he or she is enrolled.

(36) "Gainful employment" means work in any capacity that is, or can be, performed with regularity and is, or may be, usually done for pay, whether or not pay is received, including seasonal, volunteer, part-time, and on-call work.

(37) "Grandfathered service" is defined by KRS 61.552(9)(b) and 78.545(7).

(38) "Hazardous disability" is defined by KRS 16.505(23) and 78.510(47).

(39) "Hazardous position" means a regular full-time officer as defined by 16.505(22), or a "hazardous position" as defined by 61.592(1)(a), 78.510(42), and 78.5520(1).

(40) "Hazardous service" means the number of years and months of employment as an employee in a hazardous position.

(41) "Hospital and medical insurance plan" is defined by KRS 61.702(1)(a) and 78.5536(1)(a).

(42) "In line of duty" or "act in line of duty" is defined by KRS 16.505(19) and 78.510(48).

(43) "Inactive employer" means a participating employer that ceases to have any employees in a regular full-time position participating in the system.

~~(44)~~~~(43)~~ "Inactive member" means a member who is not participating in the system.

~~(45)~~~~(44)~~ "Increment" is defined by KRS 61.510(29) and 78.510(44).

~~(46)~~~~(45)~~ "Instructional staff" is defined by KRS 61.510(48).

~~(47)~~~~(46)~~ "Invalid," if used in reference to a form, means that the form does not meet the requirements to be valid, and will not be processed by the agency.

~~(48)~~~~(47)~~ "Last day of paid employment" is defined by KRS 16.505(30), 61.510(32), and 78.510(45).

~~(49)~~~~(48)~~ "Level percentage of payroll amortization method" is defined by KRS 61.510(28) and 78.510(43).

~~(50)~~~~(49)~~ "Medical information" as used in KRS 61.610, 61.615, 61.665, 78.5526 and 78.5528:

(a) Means reports of examinations or treatments; medical signs that are anatomical, physiological, or psychological abnormalities that can be observed; psychiatric signs that are medically demonstrable phenomena indicating specific abnormalities of behavior, affect, thought, memory, orientation, or contact with reality; or laboratory findings that are anatomical, physiological, or psychological phenomena that can be shown by medically acceptable laboratory diagnostic techniques, including chemical tests, electrocardiograms, electroencephalograms, X-rays, and psychological tests; and

(b) Does not mean written statements from medical providers alone unless accompanied by supporting contemporaneous records as established in paragraph (a) of this subsection.

~~(51)~~~~(50)~~ "Member" is defined by KRS 16.505(21), 61.510(8), and 78.510(8).

~~(52)~~~~(51)~~ "Membership date" is defined by KRS 16.505(35), 61.510(36), and 78.510(33).

~~(53)~~ "Merged employer" means one (1) or more participating employers:

(a) That have merged with one (1) or more participating or non-participating employers into a new single entity or operating under the name of one (1) of the participating or non-participating employers that are part of the merger; or

(b) With an actuarially accrued liability that have merged or plan to merge with one (1) or more participating or non-participating employers into a new single entity or under the name of one (1) of the participating or non-participating employers that are part of the merger.

~~(54)~~~~(52)~~ "Month" is defined by KRS 16.505(34), 61.510(35), and 78.510(32).

~~(55)~~~~(53)~~ "Monthly average pay" is defined by KRS 16.505(41), 61.510(45), and 78.510(52).

~~(56)~~~~(54)~~ "Monthly contribution rate" means the maximum contribution the systems will pay toward the premium of a retired member based on the amount:

(a) Determined by the boards as established in KRS 61.702(1)(b), 61.702(4)(b) through (d), 78.5536(1)(b), and 78.5536(4)(b) through (d) for a retired member who began participating in the systems on or before June 30, 2003; or

(b) Per month earned by the retired member based on years of service as established in KRS 61.702(4)(e) and 78.5536(4)(e) for a retired member who began participating in the systems on or after July 1, 2003.[-]

~~(57)~~~~(55)~~ "Nominal fee" is defined by KRS 61.510(43) and 78.510(40).

~~(58)~~~~(56)~~ "Non-core services independent contractor" is defined by KRS 61.5991(9).

~~(59)~~~~(57)~~ "Nonhazardous position" is defined by KRS 61.510(44) and 78.510(41).

~~(60)~~ "Non-participating employer" means an entity that:

(a) Does not participate in the system; or

- (b) Applied for participation in the system and:
1. Is pending a determination of participation;
 2. Withdrew its application; or
 3. Was denied or failed to complete the requirements to be approved for participation.
- (61)[(58)] "~~Non-participating~~~~Nonparticipating~~ position" means any position of employment with a participating employer other than a regular full-time position or a regular full-time officer position.
- (62)[(59)] "Normal retirement age" means the age at which the member meets the requirements for his or her normal retirement date.
- (63)[(60)] "Normal retirement date" is defined by KRS 16.505(15), 61.510(18), 61.590(5)(a), and 78.510(18).
- (64)[(61)] "Objective medical evidence" is defined by KRS 16.505(31), 61.510(33), and 78.510(46).
- (65)[(62)] "Officers and employees of the General Assembly" is defined by KRS 61.510(20).
- (66)[(63)] "Optional allowance" is defined by KRS 16.505(18).
- (67)[(64)] "Participant" is defined by KRS 16.505(36), 61.510(37), and 78.510(34).
- (68)[(65)] "Participating" is defined by KRS 16.505(33), 61.510(34), and 78.510(31).
- (69)[(66)] "Participating employer" means any employer that participates in one (1) of the systems operated by the agency.
- (70)[(67)] "Participating position" means a regular full-time position, a regular full-time officer position, or other positions that meet the requirements of KRS 61.680(6)(a) and 78.545.
- (71)[(68)] "Participation date" means the earlier of "membership date" as defined in this section or the date on which the member began participating in another state-administered retirement system if the member has not retired or taken a refund from the other state-administered retirement system.
- (72)[(69)] "Past service" is defined by KRS 61.552(5)(a) and 78.545(7).
- (73)[(70)] "Person" means a natural person.
- (74)[(71)] "Premium" means the monthly dollar cost required to provide hospital and medical insurance plan coverage for a recipient, a recipient's spouse, or a disabled or dependent child.
- (75)[(72)] "Prior service" is defined by KRS 16.505(5), 61.510(11), and 78.510(11).
- (76)[(73)] "Provide," if used in reference to a form or other document, means the agency makes a form or document available on its website~~[Web site]~~ (if appropriate) or by mail, fax, secure email, or via Self-Service on the website~~[Web site]~~ maintained by the agency (if available).
- (77)[(74)] "Qualified domestic relations order" is defined by KRS 16.505(37), 61.510(38), and 78.510(35).
- (78)[(75)] "Recipient" is defined by KRS 16.505(26), 61.510(27), and 78.510(26).
- (79)[(76)] "Reemployment" means the retired member's first date of employment with a participating employer following his or her most recent retirement date.
- (80)[(77)] "Regular full-time officers" is defined by KRS 16.505(22).
- (81)[(78)] "Regular full-time position" is defined by KRS 61.510(21) and 78.510(21).
- (82)[(79)] "Retired member" is defined by KRS 16.505(11), 61.510(24), and 78.510(23).
- (83)[(80)] "Retirement allowance" is defined by KRS 16.505(12), 61.510(16), and 78.510(16).
- (84)[(81)] "Retirement date" means a member's effective retirement date as established in KRS 61.590(5) and 78.545(4).
- (85)[(82)] "Retirement office" is defined by KRS 16.505(28), 61.510(31), and 78.510(29).
- (86)[(83)] "School board" is defined by KRS 78.510(4).
- (87)[(84)] "School term or year" is defined by KRS 78.510(28).
- (88)[(85)] "Self-Service website~~[Web site]~~" means the secure Member Self-Service or Retiree Self-Service agency website~~[Web site]~~.
- (89)[(86)] "Service" is defined by KRS 16.505(6), 61.510(9), and 78.510(9).
- (90)[(87)] "**Special needs trusts**" **is defined by KRS 16.505(42), 61.510(51), and 78.510(56).**

(91) "State" means the Commonwealth of Kentucky.

(92)~~[(94)]~~~~[(88)]~~ "State-administered retirement system" means the retirement systems with reciprocity as established in KRS 61.680.

(93)~~[(92)]~~~~[(89)]~~ "Submit" means the required form, documentation, report, or payment has been received by the agency~~[retirement office]~~ via mail, fax, electronic mail, the Self-Service website~~[Web site]~~, the Employer Self-Service website~~[Web site]~~, or other mode specifically established~~[detailed]~~ in an administrative regulation.

(94)~~[(93)]~~~~[(90)]~~ "Systems" means the State Police Retirement System (KRS 16.505 through 16.652), the Kentucky Employees Retirement System (KRS 61.510 through 61.705), and the County Employees Retirement System (KRS 78.510 through 78.852).

(95)~~[(94)]~~~~[(94)]~~ "Total and permanent disability" is defined by KRS 16.582(1)(a) and 78.5524(1)(a)1.

(96)~~[(95)]~~~~[(92)]~~ "Valid," if used in reference to a form, means that all required sections of a form are completed, the form has been fully executed by the required person or the person's legal representative, and all supporting documentation required by the form is included with the form.

(97)~~[(96)]~~~~[(93)]~~ "Volunteer" is defined by KRS 61.510(42) and 78.510(39).

CONTACT PERSON: Carole J. Catalfo, Policy Specialist, Kentucky Public Pensions Authority,
1260 Louisville Road, Frankfort, Kentucky 40601, Phone (502) 696-8679, Fax (502) 696-8615,
Email: Legal.Non-Advocacy@kyret.ky.gov



KENTUCKY PUBLIC PENSIONS AUTHORITY

Ryan Barrow, Executive Director

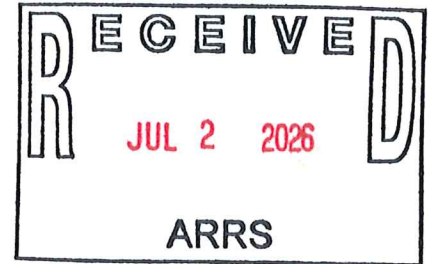
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Kentucky Public
Pensions Authority

July 1, 2026

Senator Stephen West
Representative Derek Lewis
Administrative Regulations Review Subcommittee
Legislative Research Commission
083, Capitol Annex
702 Capitol Avenue
Frankfort, KY 40601



RE 105 KAR 1:440

Dear Co-Chairs,

After discussion with the Administrative Regulation Review Subcommittee staff of issues raised by 105 KAR 1:440, the Kentucky Public Pensions Authority accepts the attached proposed staff suggested amendment.

Sincerely,

A handwritten signature in blue ink, appearing to read "Carole Catalfo".

Carole Catalfo, Public Policy Specialist
Kentucky Public Pensions Authority
1260 Louisville Rd.
Frankfort, KY 40601

Final, 6-16-2026

SUGGESTED SUBSTITUTE

FINANCE AND ADMINISTRATION CABINET
Kentucky Public Pensions Authority

105 KAR 1:440. ~~[Kentucky Retirement Systems]~~ Trustee Education Programs~~[Program]~~.

RELATES TO: KRS 61.645(18), 78.782(17)

STATUTORY AUTHORITY: KRS 61.505, 61.645(9)(e), ~~[61.645]~~(18)(c), 78.782(9)(d), ~~[78.782]~~(17)(c)

CERTIFICATION STATEMENT: This is to certify that this administrative regulation complies with KRS 13A.150(2) because it does not have a major economic impact.

NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(1)(g) authorizes the ~~[61.645(9)(e) requires the Board of Trustees of]~~ Kentucky Public Pensions Authority ~~[Retirement Systems]~~ to promulgate ~~[all]~~ administrative regulations on behalf of the Kentucky Retirement Systems and the County Employees Retirement System that are consistent with and necessary or proper in order to carry out the provisions of KRS ~~[61.510]~~~~[61.515] to 61.705,~~ 16.505~~[46.540]~~ to 16.652, 61.510 to 61.705, and 78.510~~[78.520]~~ to 78.852. KRS 61.645(18) requires the Kentucky Retirement Systems board, and KRS 78.782(17) requires the County Employees Retirement System board, to~~[shall]~~ establish a formal trustee education program for all trustees of the board, which shall be incorporated by reference in an administrative regulation. This administrative regulation establishes the County Employees Retirement System Trustee Education Program and the Kentucky Retirement Systems Trustee Education Program.

Section 1. Each Kentucky Retirement Systems trustee shall comply with the Kentucky Retirement Systems ~~Board of Trustees~~~~[Trustee]~~ Education Program Policy.

Section 2. Each County Employees Retirement System trustee shall comply with the County Employees Retirement System ~~Board of Trustees~~~~[Trustee]~~ Education Program.

Section 3.~~[Section 2.]~~ Incorporation by Reference.

(1) The **following material is incorporated by reference:**

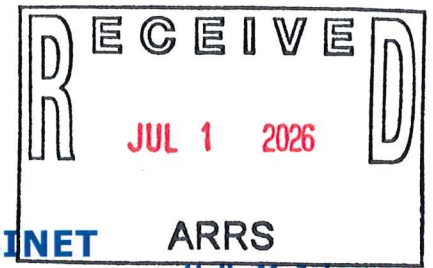
(a) "Kentucky Retirement Systems ~~Board of Trustees~~~~[Trustee]~~ Education Program Policy", adopted November 20, 2008 and amended December 3, 2025; **and**

(b)~~[August 18, 2011]~~**is incorporated by reference.**

(2) ~~The~~ "County Employees Retirement System ~~Board of Trustees~~~~[Trustee]~~ Education Program", adopted September 29, 2021 and amended December 1, 2025~~is incorporated by reference~~.

(2)/(3) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Public Pensions Authority~~[Retirement Systems, Perimeter Park West]~~, 1260 Louisville Road, Frankfort, Kentucky, Monday through Friday, 8 a.m. to 4:30 p.m. and on the agency's website at kyret.ky.gov.

CONTACT PERSON: Carole J. Catalfo, Policy Specialist, Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, Kentucky 40601, Phone (502) 696-8679, Fax (502) 696-8615, Email: Legal.Non-Advocacy@kyret.ky.gov



Andy Beshear
GOVERNOR

**FINANCE AND ADMINISTRATION CABINET
OFFICE OF THE SECRETARY**

ARRS
Holly M. Johnson
SECRETARY

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July 1, 2026

Senator Stephen West, Co-Chair
Representative Derek Lewis, Co-Chair
c/o Ange Darnell, Regulations Compiler
Legislative Research Commission
083, Capitol Annex
702 Capitol Avenue
Frankfort KY 40601

Re: 200 KAR38:080 Account Validation Standards

Dear Co-Chairs:

After considering Administrative Regulation Review Subcommittee staff suggestions of the issues raised by 200 KAR38:080 Account Validation Standards, the Finance and Administration Cabinet proposes the attached suggested substitute to this Ordinary regulation, adopting the LRC staff recommendations.

Sincerely,

/s/ Cary B. Bishop
Cary B. Bishop
Assistant General Counsel
Office of General Counsel
Finance and Administration Cabinet
200 Mero Street, 5th Floor
Frankfort, Kentucky 40622

Subcommittee Substitute

FINANCE AND ADMINISTRATION CABINET Office of the Controller (New Administrative Regulation)

200 KAR 38:080. Account validation standards.

RELATES TO: KRS 42.0201(3), ~~[KRS]~~ 45.237

STATUTORY AUTHORITY: KRS 42.0201(3), ~~[KRS]~~ 45.237

NECESSITY, FUNCTION, AND CONFORMITY: KRS 42.0201(3) requires the State Controller to serve as the Commonwealth's chief accounting officer and be responsible for all aspects of accounting policies and procedures, financial accounting systems, and internal accounting control policies and procedures. KRS 45.237 requires the Finance and Administration Cabinet to develop policies and procedures for the purpose of prevention and detection of errors or fraud and abuse prior to the issuance of a check or warrant. This administrative regulation establishes statewide governance policies and procedures for all Executive, Legislative, and Judicial Branch agencies regarding compliance with the National Automated Clearing House Association (NACHA) Account Validation Rule and associated Automated Clearing House (ACH) fraud-prevention requirements. This policy ensures that all ACH and EFT payment data maintained by agencies is validated, monitored, and safeguarded prior to disbursement through the Commonwealth's financial systems, including its electronic accounting and reporting system and all agency-managed payment repositories.

Section 1. Definitions.

- (1) "Account Validation Service" or "AVS" means a commercially reasonable process to verify that an account is open, active, and capable of receiving ACH debits (or credits).
- (2) "Agency" is defined by KRS 11.080.
- (3) "Automated Clearing House" or "ACH" means a secure, batch-oriented electronic funds transfer system that acts as a central clearinghouse for financial transactions, connecting all United States financial institutions.
- (4) "Electronic Fund Transfer" or "EFT" means an electronic data processing medium that takes the place of a paper check for debiting or crediting an account and of which a permanent record is made.
- (5) "Electronic Accounting and Reporting System" means the web-enabled, centralized accounting application used by the Commonwealth of Kentucky to manage state-level financial operations.
- (6) "Internal Control" is defined by 200 KAR 38:070.
- (7) "National Automated Clearing House Association" or "NACHA" means the nonprofit organization that governs, develops, and administers the ACH Network in the United States.
- (8) "Risk-Based Monitoring" means a process whereby agencies utilize a risk assessment framework to monitor their operations.
- (9) "SAS" means the Office of Statewide Accounting Services, as organized pursuant to KRS 42.0201.
- (10) "Validation" means confirmation that an account number is active and capable of receiving ACH transactions.

Section 2. Scope. ~~[:]~~ The requirements of this administrative regulation shall apply to all Commonwealth of Kentucky agencies, cabinets, departments, constitutional offices, and any organizational unit that:

- (1) Maintains ACH/EFT banking information at the agency level;

- (2) Initiates ACH/EFT payments through the Commonwealth's electronic accounting and reporting system or an interfaced system;
- (3) Initiates ACH/EFT payments through a third-party system that transmits payment files to the Commonwealth; or
- (4) Collects, stores, or updates vendor or payee banking details.

Section 3. Agencies to Implement NACHA-compliant AVS or Equivalent Validation Process.

- (1) Validation ***shall[must]*** be performed when:
 - (a) A new ACH/EFT record is created;
 - (b) Existing ACH/EFT data is modified;
 - (c) Annually, for any ACH/EFT data stored outside the Commonwealth's electronic accounting and reporting system; and
 - (d) Prior to transmitting any agency-managed ACH/EFT file in the Commonwealth's electronic accounting and reporting system.
- (2) The following data shall be validated:
 - (a) Account owner's legal name;
 - (b) Account number; and
 - (c) Routing Number.

Section 4. Agency Responsibilities.

- (1) Internal Control Requirements.***[:] Agencies shall ~~[comply with the following internal control requirements]:~~***
 - (a) Actively maintain internal controls;
 - (b) Annually file an Internal Control Plan, prepared in accordance with the requirements of 200 KAR 38:070, with the Office of the Controller;
 - (c) Document their ACH validation procedures; and
 - (d) Ensure segregation of duties and fraud prevention controls by implementing risk-based, internal controls that restrict any single employee from having full control over the ACH payment lifecycle ***by[via]*** separation of initiation, approval, and reconciliation.
- (2) Internal Procedures.***[:] Agencies shall create and maintain written internal procedures to address any instance where ACH/EFT account validation fails. At a minimum, these procedures shall include:***
 - (a) Immediate review of a failed validation result;
 - (b) Suspension of ACH/EFT payment activity for the affected payee until a successful validation is completed;
 - (c) Verification steps to confirm whether the failure resulted from incorrect data entry, outdated records, or a mismatch identified by the validation service; and
 - (d) Documentation of all review and corrective actions taken in connection with the failed validation.
- (3) Implementation.***[:] Agencies shall implement NACHA-compliant procedures, train staff, and maintain documentation as follows:***
 - (a) Agency created internal procedures ***shall[must]*** support standardized Company Entry Descriptions, audit trails, and NACHA-compliant validation; ***and[:]***
 - (b) Agency internal control procedures and execution of ***the [such]*** procedures may be reviewed for compliance with the requirements of this ***administrative*** regulation and ***may*** be subject to penalties for violation.
- (4) Documentation.***[:] Agencies shall[must] document each annual validation, new ACH/EFT record creation, as well as modifications of ACH/EFT data and maintain the documentation in accordance with the requirements of the Kentucky Open Records Act.***

(5) Exceptions.**[;]** Any exceptions to the requirements of this **administrative** regulation require written approval from the Office of the Controller and **shall** be subject to **the** requirements for compensating controls or **a** mitigation plan as prerequisite to approval.

(6) Penalties.**[;]** Non-compliance with the requirements of this **administrative** regulation may result in the following penalties:

- (a) A written audit finding that the agency failed to comply;
- (b) Suspension of ACH/EFT privileges;
- (c) Issuance of a corrective action plan by the Office of the Controller; **or [and]**
- (d) Other corrective action, as appropriate.

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KENTUCKY BOARD OF PHYSICAL THERAPY

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Stephen Curley
EXECUTIVE DIRECTOR

June 25, 2026

Senator Stephen West, Co-Chair
Representative Derek Lewis, Co-Chair
c/o Emily Caudill, Regulation Compiler
Administrative Regulation Review Subcommittee Legislative Research Commission
083, Capitol Annex
702 Capitol Ave.
Frankfort KY 40601

RE: 201 KAR 22:010. Objectives of physical therapy.

Dear Co-Chair West and Co-Chair Lewis:

After discussions with Administrative Regulation Review Subcommittee staff of the issues raised by 201 KAR 22:010, the Kentucky Board of Physical Therapy proposes the attached amendment to 201 KAR 22:010.

Sincerely,

A handwritten signature in blue ink, appearing to be "S. Curley", written over a blue circular stamp.

Stephen Curley, Executive Director
Kentucky Board of Physical Therapy

TEAM
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Subcommittee Substitute

BOARDS AND COMMISSIONS

Board of Physical Therapy

(Amendment)

201 KAR 22:010. Objectives of physical therapy.

RELATES TO: KRS 327.010

STATUTORY AUTHORITY: KRS 327.040

CERTIFICATION STATEMENT: This is to certify that this administrative regulation complies with the requirements of 2025 RS HB 6, Section 8.

NECESSITY, FUNCTION, AND CONFORMITY: **KRS 327.040(12) requires the board to promulgate administrative regulations to establish standards of practice.** The practice of physical therapy is rapidly evolving and changing in purpose and scope. The purpose of this administrative regulation is to define clearly the desired goals of physical therapy and the permissible means of achieving these goals. **This administrative regulation establishes the [In this manner,] standards of physical therapy practice [are clearly established]** and may be used to evaluate particular treatments which have been used or which may later evolve.

Section 1. Goals of the patient-physical therapy team[unit] include~~[- but are not limited to,]~~ maintaining health, preserving functional capacity, and in the presence of impairment, developing or reestablishing function through carefully planned, and implemented programs. ~~[In order]~~ To reach these objectives, the physical therapist provides consultation, evaluates patients, identifies problems, plans programs, and provides direct treatment.

Section 2. Patient Management. Adequate, effective, and efficient patient care is the ultimate goal of physical therapy. The physical therapist evaluates each patient, and determines those ways in which ~~they~~~~[he]~~ can contribute to total health management. ~~The physical therapist~~~~[He]~~ then plans and implements a treatment program, reevaluating and making modifications as necessary. A physical therapist shall refer to ~~the appropriate~~~~[a]~~ licensed ~~healthcare professional~~~~[physician or dentist]~~ any patient whose medical condition should, at the time of evaluation or treatment, be determined to be beyond the scope of practice of the physical therapist. When basis for treatment is referral, the physical therapist may confer with the referring ~~licensed healthcare professional~~~~[physician, podiatrist, dentist, or chiropractor]~~.

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